FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

...die in ...ipyard ...arship ...aze

...hipyard workers died in ... aboard a new £23m. ... missile destroyer, HMS ..., at the Swan Hunter ...e yard, Wallsend, North...and, yesterday. Another ... were injured.

...t 900 men were working ...d the 3,500-ton ship when ... began in a machine con...m. More than 70 firemen ... the blaze which was not ... until last evening.

...ers said the destroyer was ... inside with water and ...ut cables everywhere. It ...e for completion next

...ision probe

...ortsmouth to-day a private ... of Inquiry opens into the ... of the 360-ton mine...r HMS Fittleton which ... collision with the frigate Mermaid 80 miles off the ... coast last Monday.

... likely to be at least three ...efore the vessel's wooden ...s recovered from its 140 ...eep position on the North ...d. Bad weather is hamper...lvage work.

...hing limits ...uff for U.K.

...n's demands for a national ...g zone of up to 50 miles ... Community waters are ...ed in the EEC Commission's ...rint for revision of the ...non Market's fishery policy. ...ng the few concessions ...ed to the U.K. is a special ... quota system for coastal ...s of northern Britain and ...nd. Back Feature, Page 20. ...sh trawlermen yesterday ...ested about Soviet rocket ...iring in the Barents Sea.

...O admitted to ...l nuclear body

...-six nations voting in Rio ...aneiro at yesterday's 10th ...al meeting of the general ...rence of the International ...ic Energy Agency, the ...s nuclear regulatory body, ... for admission of the Pales...n Liberation Organisation as ... 17th organisation with ...ver status. An important ... at the conference has been ... increasing risk of nuclear ...rials falling into terrorist ...

...rd confronts ...rter on TV

...President Ford and Mr. ...ny Carter prepared for last ...t's face-to-face television ... te there were signs of the ... moving in Mr. Ford's direc... various factors combining ...ake Mr. Carter's character ... judgment, rather than the ...iblican Administration's ...rd the national talking point. ... S. David Watt in the U.S., ... 21

...rror laws

... Irish Republic Council of ... met yesterday to advise the ...ident on whether he should ... sections of the Govern...t's proposed anti-terrorist ... to the Supreme Court for a ...stitutional ruling. An early ...sion is expected from Presi... O'Dalaigh. Ulster Peace ...ement, Page 29

...ll ship adrift

... Norwegian training vessel, ...tian Radich with 130 people ...rd, is drifting helplessly 300 ...s south of Land's End in hur... force winds in the Bay ... Biscay. Falmouth Coastguard ...orted. The ship is returning ... the Tall Ships race.

...iefly...

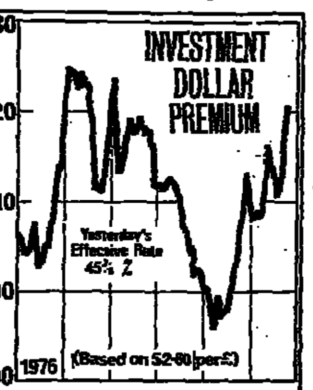
...uz-22's two Soviet cosmonauts ... landed in their descent ...dule in the central Asian ...ns after an eight-day orbit.

...rmy inquiry into the £11m. ...chway Road, north London, ...eme was disrupted for the ...rd consecutive day.

BUSINESS

Equities down; gilts firm

● **EQUITIES** turned dull after a modest rally. The FT 30-share *index lost 3.6 to 348.2 while the* All-Share was 0.8 per cent.



lower at 143.75. The Investment Dollar Premium rose 2¾ points to 120¾, an effective rate of 45¾ per cent.

● **GILTS** had gains to $\frac{7}{32}$ in shorts and to ¼ in mediums and *longs. The Government Securi*ties index was 0.09 up 60.23.

● **STERLING** lost 45 points to $1.7115; *its weighted deprecia*tion widened to a worst-ever closing *level of 42.5 (42.4)* per cent. The dollar's narrowed to 2.79 (2.90). The Italian lira and French franc fell.

● **GOLD** gained $¼ to $118¼.

● **WALL STREET** closed 3.25 down at 1,010.50.

Import controls on Taiwan TVs

● **IMPORT** controls have been imposed by the Government restricting the number of monochrome television sets from Taiwan to 70,000 in the next 15 months.

● **LABOUR PARTY** proposals for nationalising the big banks and insurance companies came under heavy fire from industry, the City and Conservatives. Back Page and Page 28

● **BURMAH OIL's** arrangement with the Government for State support has been revised. The group is guaranteed dollar borrowings of $100m. for up to five years while its standby facility is increased. Page 28

● **CBI RESEARCH** study published to-day concludes that most workers have a far better understanding of the need for profits than many company managers realise. Feature, Page 19

● **PRODUCTION** at British Aluminium's smelter at Invergordon in the Scottish Highlands has been cut in half by a fire. The plant represents a quarter of British capacity.

● **FRENCH** monetary authorities reinforced the Government's anti-inflation package by raising Bank Rate 1 per cent. to 10.5 per cent. Back Page and Page 4

COMPANIES

● **TATE & LYLE** has succeeded *in its take-over of Manbré &* Garton. It now has 55 per cent. of the Manbré equity and has declared its offer unconditional. Back Page

● **GENERAL ACCIDENT** an*nounces a 2 for 7 rights issue at* 124p to raise £43m. Page 22 and Lex

● **VICKERS** first-half pre-tax *profit rose to £14.59m. (£12.55m.)* though the chairman warned that *second-half profit might not* match last year's strong result of £27.71m. Page 24 and Lex

● **ROWNTREE MACKINTOSH** pre-tax *profit for the first 24* weeks rose to £9m. (£6.4m.). Page 25 *and Lex*

● **QANTAS**, Australia's Government-owned airline, made a pre-tax operating loss of $A14.2m. (£10m.) for the year to *March* 31. The chairman said the airline was now *trading profitably*. Page 26

...HIEF PRICE CHANGES YESTERDAY

...ices in pence unless otherwise indicated.)

RISES			FALLS		
...asury 9½pc '81 ...	£99[illegible]	+ [illegible]	Anglo-Swiss ...	18	− 6
...rlow Rand ...	172	+ 7	Barclays ...	245	− 8
... Prop. ...	805	+ 20	Beecham ...	330	− 4
...llay (J.) ...	152	+ 4	Fisons ...	292	− 5
...l and Duffus ...	162	+ 6	Gen. Accident ...	150	− 4
...V ...	47	+ 4	Glaxo ...	335	− 8
...nd and House ...	68	+ 3	Guardian Royal ...	166	− 8
...slie and Godwin ...	110	+ 8	Hawker Siddeley ...	370	− 6
...rgan & Grampian	101	+ 5	Natl. Westminster ...	215	− 7
...wntree Mackintosh	184	+ 4	Owen Owen ...	42	− 6
...te and Lyle ...	235	+ 5	Rank Org. ...	146	− 5
...rer Kemsley ...	32	+ 4	Sheaf Steam ...	107	− 4
...rner Newall ...	151	+ 4	Smith (W.H.) "A" ...	322	− 6
...rmah Oil ...	37	+ 3	Spear and Jackson ...	66	− 4
...rconation ...	90	+ 8	Vickers ...	148	− 9
...IM ...	250	+ 7	Warrent (J.) ...	60	− 5
...tino NV ...	£14⅛	+ 2⅜	Wayburn Eng. ...	304	− 10
...eidon ...	90	+ 10	Harmony ...	250	− 20
			Mount Lyell ...	60	− 6

Also rises: Rand Selection ... 380 + 15; Southern Kinta ... 87 + 17

Whitehall considers defences for pound

BY SAMUEL BRITTAN and ADRIAN HAMILTON

AN INTENSE debate is going on in Whitehall over contingency measures should the recent fall in sterling show no *signs of abating. Support for* general import controls on goods *from developed countries in* Europe and North America *remains confined to a few Left*-wing Ministers, although the Government *is pressing ahead* with schemes to curb imports in sensitive sectors from countries such as Japan, regarded as presenting special problems because of obstacles they pose to European exports to their markets.

A decision has not been referred to Cabinet, but an import deposit measure is emerging as a strong candidate for action because it is thought *to be more acceptable inter*nationally, would receive a warm *blessing* from the unions and would have its main practical effects *in curbing growth of the* money supply.

Consideration of such a move reflects the serious concern being expressed in Government circles over the apparent failure of recent measures on public expenditure, incomes and monetary policy to slow down the decline in sterling. The Government is *becoming increasingly concerned* to encourage official holders of *sterling balances* to keep their funds in London.

Having spent more than $1bn. of the $5.3bn. central bank standby *credit and having bor*rowed heavily on the Eurodollar market *and used the reserves,* the authorities have stopped supporting sterling *in the foreign* exchange market a fortnight ago.

An application to the International Monetary Fund—whose meeting the Chancellor will be *attending on October 4*—is taken for granted in official circles. But, assuming that *Britain* can draw its full available facilities, *estimated* at $3.8bn. this is not regarded as sufficient to do more *than repay the central banks* when the swap credits expire in December and *ensure the financ*ing of a next year's current account deficit.

In these conditions, the *Government appears to be in a* state of acute uncertainty over *appropriate measures to adopt* if there is a substantial further capital outflow or the social contract further loses credibility.

One senior Minister described the situation as knife-edged. "*I cannot see that it can be* politically acceptable to continue much longer in this *position*."

"On previous occasions," according *to one senior econo*mic adviser, "Ministers and officials have known what they would have to do eventually. It was simply a question of how you got there and how you presented it. This time, the Government seems to have used up all *the obvious weapons in its* armoury."

There is a prominent school of thought which believes that the correct strategy is to allow the exchange rate to continue floating freely and to rely on control of the money supply as the long-term regulator of the value of the pound. This school has gained some support recently but this strategy would come under heavy political attack if the exchange were to fall too far too fast.

Key indicators which will determine Government policy between now and the re-assembly of Parliament, which would have *to legislate on import deposits*, are: the movement of sterling; *the next set of trade and retail* price figures in a few weeks' time; the impact of the seamen's settlement; and, following the response to the new tap stock, the success of any further funding of the Government's borrowing requirement.

The attraction of import deposits is that they would restrict domestic credit expansion would appeal to union *leaders who have called for* direct action against imports. *The supporters would argue they* have been made respectable by *international acceptance of* Italy's adoption of this course and would not conflict with the Government undertaking to avoid general import controls.

Import deposits were introduced by Mr. Roy Jenkins in 1968 when a 50 per cent. deposit had to be lodged for six months on imports of manufactured and some semi-manufactured goods. The coverage was just more than 40 per cent. of the country's *total import bill*.

If introduced on the same lines *this time, the scheme would* cover more than £10bn.-worth of imports *and would be equivalent* in protective impact to a tariff of about 4 per cent. on the goods in question.

Critics of import deposits argue that they would simply delay more fundamental action and that it is difficult to see when they could be repaid in view of the inflationary impact of that repayment. They point out that the equivalent monetary effect could be achieved by other measures such as normal special deposits without the international opprobrium that import deposits might bring and

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NEW LOW AGAIN FOR STERLING

THE POUND again dropped to new lows against other *leading currencies as the* foreign exchange market *absorbed the implications of* the seamen's settlement.

By the end of business, sterling's effective depreciation from *December 1971* levels stood at its worst ever closing *level of 42.5 per cent.* Earlier in the day it had reached a *record low of 42.7 per cent.* depreciation.

The pound also fell against *the dollar, closing with a loss* of 45 points at $1.7115 after *touching $1.7065 earlier* in the day. The market remained *nervous over the implications* of the seamen's settlement for *other pay claims*, though in the afternoon there were signs of a rather better tone with the pound apparently stabilising in fairly active two-way dealings.

Smith caucus 'accepts Dr. K plan'

BY OUR OWN CORRESPONDENT SALISBURY, Sept. 23.

THE 50-member caucus of the ruling Rhodesian Front has accepted the settlement proposals put to *Ian Smith, Prime* Minister, by Dr. Henry Kissinger, *U.S. Secretary of State, at* their meeting in Pretoria last week-end, *according to reliable* sources here.

The sources confirm that Mr. Smith has apparently capitulated *in the face of U.S. and South* African pressure.

No details of the proposals have been made available in *Salisbury*. The news will be given to the Rhodesian public *to-morrow evening, when Mr.* Smith makes a national radio *and television speech*.

To-day's caucus meeting, went *on for three hours this morning* and resumed at 3.30, ending *shortly before 6 p.m. Afterwards,* Mr. Smith told the 50 newsmen gathered outside the entrance to the House of Assembly: "Caucus has made a decision, and accordingly I will broadcast to the nation to-morrow night."

No acrimony

He said that he was satisfied the caucus decision was unanimous. "If there is anybody who is not in agreement, I am sure he will say so. It was a very pleasant, constructive meeting, and at no time was there ever any irresponsible talk, or any acrimony."

To-morrow night's address, he said, will "be a clear and positive and unequivocal statement. There will be no doubt in anybody's mind."

Mr. Smith added that it was unlikely he would have to meet Dr. Kissinger again. "That was never part of the agreement. We settled most of our problems when we met."

I understand that there was little dissent during the first session to-day. At one point an MP known for his conservative views was about to speak when Mr. Smith stopped him to read a note he had just received.

It was a news agency story about the riots in central Johannesburg, which added to the sombre tone of the meeting.

Some 400 black demonstrators were arrested and one shot dead after crowds of placard-waving students streamed through the centre, smashing shop windows and shouting "Black Power." The dead man was shot by a white furniture salesman who said he was trying to set fire to goods outside his store.

This afternoon's session "tied up *the loose ends*," *said* one source. Another backbencher *said*: "*The pressures were too* great. We had to come to the *point where reason and common* sense dictate the answer. Now we must do the best we can."

Another declared: "It was *pressure from South Africa*, but Mr. Vorster won't diminish his *problems by ditching us*."

I understand that the likelihood *that Mr. Smith will resign* on Friday is regarded as slim. It is more probable that he will implement the initial stages of the proposals before stepping down.

The new note of change came in a speech by Mr. W. M. Irvine, the Minister of Local Government and Housing, regarded as one of the tougher members of the Cabinet.

He said yesterday "Great pressures have been building up against us for a considerable time, and have come to a head with the discussions between our Prime Minister and Dr. Kissinger. The next few days will be vital.

"Ian Smith has carried an *immense burden over the last few* years, and I am sure you will all *join me in asking that he may* have God's guidance in the completion of his great work for our land."

Meanwhile, a communique to-day said that 12 more *guerillas, six recruits and an* African assisting the guerillas *had been* killed by security forces. Quantities of war *material had been* seized.

Guerillas who attacked three European homesteads in the operational area were driven off and there were no casualties.

Ambush

In another incident a white rancher driving on a bush road was ambushed. An African passenger was killed and the rancher slightly wounded.

Our Lusaka correspondent writes: Mozambique does not back the U.S. initiative launched by Dr. Kissinger. Mozambique's Vice-President Marcellino dos Santos said here.

Front-line States should realise that Dr. Kissinger brought no solution because a solution was *already there*—that the white minority should hand over power to the black majority.

Our Foreign Staff writes: Dr. Kissinger was on his way to London to brief Mr. James Callaghan, last night, on the result of his mission. He is expected to have further talks with the Foreign Secretary, Mr. Anthony Crosland, before returning to Washington.

The British Government has *said it would be prepared to host* a constitutional conference on Rhodesia, *provided the regime* there agreed to a rapid transition to *majority rule*.

Government plans £23 weekly payment for early retirement

BY CHRISTIAN TYLER, LABOUR STAFF

THE GOVERNMENT yesterday announced a £23 a week tax-free payment to men and women who opt to retire a year early, thus releasing jobs for younger unemployed people.

The job-swap scheme, costing £70m. or £27m. after savings on unemployment benefit — which applies only to the assisted areas — will be open for six months from January 3.

The Government estimates that some 65,000 people could volunteer.

The £23 allowance will also be offered to men and women who are unemployed and within a year of retirement age—64 in the case of men and 59 in the case of women—who agree to come off the register and "leave the labour market."

The Government is also to add £15m. to its existing job creation scheme for teenagers, whose budget of £75m. would otherwise have run out. Another 6.5m. is to go towards the training of young people.

Mr. Albert Booth, Employment Secretary, said last night that taken together the measures *could remove 80,000 people from* the unemployment register in the next 12 months at a gross cost of £95m.

The measures were approved by the Cabinet yesterday morning, and, together with TV import controls also announced yesterday, bore all the marks of a last-minute effort to defuse criticism of the Government's economic policy at to-day's Labour Party National Executive meeting and at next week's Labour Party conference in Blackpool.

Mr. Booth admitted yesterday that the job-swap scheme (officially known as "job release") could be criticised as merely tinkering with the unemployment figures—replacing one set of unemployed with another—but said that the unions and the Manpower Services Agency had *agreed that it was a good scheme* at a time of such high unemployment.

Employers of early retirement volunteers will be required to recruit someone from the unemployment register in their place. Volunteers may come from the private or public sector, but no decision has been *made yet about civil servants*.

Volunteers will have to agree not to take paid employment for a year, or claim unemployment or incapacity benefit. But supplementary benefit may be paid as well as the £23 if people are eligible for it.

The swap will not be direct. Employers will be able to make a chain of moves within their labour force to make room for someone at the bottom of the pay roll. The Department of Employment will check the operation, and full details of the scheme are to be published later.

The Minister explained that it would be up to individuals to decide whether the £23 tax-free represented gain or not. He noted that about half the working population had some kind of occupational pension scheme which would be slightly affected by early retirement.

The scheme had been confined to the assisted areas *where* 75 per cent. of the unemployed were located.

The £23 is the Department's *calculation of average unemploy*ment benefit after the rates have *been increased in November*.

Mr. Booth said the measures *were an* "*unprecedented effort* to counter the trend of unemployment which we share with so many industrialised countries.

"These measures are a further demonstration of the Government's concern to reduce unemployment by selective action within the context of our economic and industrial strategy, and reflect our recognition of the *special plight of young people*."

He added that since the temporary employment subsidy was introduced last year Government *employment measures* would help a total of about *500,000 people at a time of high* unemployment—currently just *under 1.5m.*

Premier to announce City probe

BY PHILIP RAWSTORNE AND MARGARET REID

MR. JAMES CALLAGHAN is expected to announce next week plans for an independent and far-ranging inquiry into the City of London's financial institutions. Proposals now under considera*tion by the Prime Minister* envisage a small, high-powered *committee that could report* urgently on the public account*ability of the institutions* and their functions in providing *finance for industry*.

Though no final decisions have *been taken*, such an inquiry is reported to have the strong backing of Mr. Denis Healey, Chancellor of the Exchequer, and other senior Ministers. Mr. Callaghan, who is likely to make an announcement about the Government's ideas at the Labour Party conference in Blackpool, next week, could expect to draw considerable political advantage from such a move.

It would meet growing public concern about the way in which the City runs its affairs, in the wake of recent adverse reports *on a number of companies, in*cluding Slater Walker Securities, whose former chairman, Mr. Jim Slater, faces prosecution in Britain and Singapore.

Fifteen summonses under *Section 54 of the Companies* Act, 1948, were served yesterday on Mr. Slater in London. Section 54 covers loans by companies to finance the purchase of their own shares. Yesterday's summonses involve loans of £6.5m. and were issued on information laid by the Trade Secretary, Mr. Edmund Dell.

In Singapore, whose Government is seeking extradition of Mr. Slater and four former colleagues, details were given of 75 breach of trust and other criminal charges faced by the five, carrying jail sentences ranging from two to seven years.

Given the intended wide scope of the inquiry envisaged by Mr. Callaghan, Ministers are also *confident that it would provide* an effective answer to left-wing *charges that the City has failed* to provide vital industrial investment finance. The Labour conference seems certain to endorse as official party policy the left-wing plans for nationalising the big four clearing banks and the major insurance companies.

A clear majority of the Cabinet is strongly opposed to the scheme, which was drawn up by the party's Home Policy Committee under the chairmanship of Mr. Anthony Wedgwood Benn. An expert and independent report on the issue, many Ministers believe, would reinforce their hand in any party tussle over the

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LOMBARD

Right to work—U.S. style

BY SAMUEL BRITTAN

HARDLY ANYONE outside the U.S. has heard of the Humphrey-Hawkins Bill and not all that many inside the U.S. either. But the Bill is nevertheless important because it symbolises the unreconstructed Big Government approach to employment policy which some people fear would characterise a Democrat Administration. Mr. Jimmy Carter himself has been characteristically difficult to pin down on the Bill, sometimes giving the impression of inclining towards it, and at other times of disliking the whole idea.

Temptation

The Bill is known as the "Full Employment and Balanced Growth Act" and was originally put forward in 1975 by Senator Humphrey of Minnesota, formerly Vice-President under Lyndon Johnson, and Representative Augustus Hawkins of California. It has many provisions, which are at the same time complex and vague. But its most memorable aspect is to make the public sector employer of last resort. There would be a statutory duty to reduce adult unemployment to 3 per cent within four years compared with its present level of 6 per cent. The Bill did not get anywhere in 1975 and was reintroduced this year. Its importance is not so much as a piece of potential legislation but as a temptation for a Democrat Administration—or indeed as a wrong-headed way of tackling unemployment for governments far away from the U.S. to follow.

The Bill combines public works with deficit spending. The sponsors seem to have learned nothing and forgotten nothing about previous attempts by governments to spend countries into target employment levels. Everything that has been said about sustainable (or "natural") unemployment rates, and the futility of trying to improve on them by mere monetary expansion is just spilt ink as far as Humphrey Hawkins is concerned.

It is the kind of measure that the TUC might advocate for the U.K., did this country not have a payments or sterling problem. But it incorporates detailed goals for employment, production and purchasing power of which British "Keynesian" economic managers have fought shy. The advantage is not entirely on the British side. The American preference for numerical specifics does at least have the advantage that theories and policies can be put to the test, whereas in Britain we prefer to wallow in a fog of confusion where no one is ever allowed either to succeed or to fail, or to be right or to be wrong.

Nevertheless failure is the likely fate of Humphrey-Hawkins, and failure with harmful by-products. The main weapons envisaged are public works and low-cost loans and grants for depressed localities, regional and structural programmes and job-creation for younger people. Some of these programmes are supposed to be anti-cyclical, but it appears that they would be on in a boom as well as slump, so long as the economy was operating below target rates. Indeed, the reference to "full purchasing power" can be interpreted to mean that monetary demand should be expanded whenever adult unemployment is above 3 per cent.

The extra budgetary cost has been put by critics at $40bn. which would come over and above a Federal deficit of over $60bn. in 1975-76 and one of comparable size in 1976-77 if Congress gets its way. There is a hint that some of the deficit would be defined away by lowering the unemployment rate at which the hypothetical "full employment balance" is calculated.

Finance

The crucial question about Humphrey-Hawkins is: how is it to be financed? If taxes were raised private spending would be reduced. The intention is clearly to add to the Budget deficit, consistently defined. But if the deficit is financed without increasing the money supply, interest rates will rise, credit for the private sector be rationed and there will still be an offsetting decline in private spending, especially investment in new job opportunities. The scheme could be given a fair trial only if the money supply expanded in sympathy. Hence, the requirement that Federal Reserve should be forced to conform to the new goals.

We know where that would lead: a temporary increase in employment (which is less reliable each time the trick is repeated) and another hike in the inflation rate. The long term result would be likely to be an increase in state-created sheltered jobs as a proportion of an unchanged employment total. The guarantee that Humphrey-Hawkins will not increase employment is provided by the provisions that pay rates on assisted programmes should be equal to "fair" or "prevailing" rates. Nobody will be allowed to price him or herself into a job. The inflationary aspects of the exercise would be met with price and wage controls—a pure bonus as seen by Humphrey-Hawkins enthusiasts.

RACING — BY DOMINIC WIGAN

Triple First goes for 4th win

THERE CAN be few more improved fillies in training than Mr. Raymond Clifford Turner's *Triple First*, and I fully expect to see this attractive bay gain her fourth success in to-day's Argos Star Fillies' Mile (3.55) at Ascot, where it is a charity day in aid of the Riding for the Disabled Association.

Triple First, who opened her account in her first race, getting up close home after a tardy start to beat the heavily-backed favourite Diorina by three-quarters of a length in the Anne Boleyn Stakes at Sandown, gained her most important success last time out, landing the Mayhill Stakes at Doncaster.

In the lead from the outset there, Triple First always appeared to be going just too well for her closest pursuer, the Queen's Dunfermline, and at the line she had half a length in hand of the royal filly, to whom she was conceding 9 lb. The remainder, headed by Lady Rhapsody, were well beaten.

In what promises to be another closely-fought race between the pair, Triple First, who is bidding to get her owner off the 13-winner mark, may again have the edge over Dunfermline.

ASCOT
2.15—Caporello
2.50—Spanish Air
3.25—Connaught Square***
3.55—Triple First**
4.35—Il Padrone
5.10—Red Lever*

Noel Murless, whose good filly Miss Pinkie is among Triple First's opponents, has always had a high opinion of *Connaught Square*, a half-sister to Relay Race, and I do not intend opposing this attractive filly in the Taylor Woodrow Charity Stakes (3.25).

A second possible winner for the Warren Place trainer, whose team is in such fine form, is the talented though not always reliable *Spanish Air*, among the runners for the Christies Stakes (2.50).

Forty-eight horses have stood their ground at the latest Prix de l'Arc de Triomphe acceptance stage, including six from England and three from Ireland.

The remaining possible challengers from England are Bruni, his stable companion Sir Montagu, Orange Bay, Duke of Marmalade, Royal Match and Dakota. The Irish trio consist of the Kevin Prendergast-trained Northern Treasure and Paddy Prendergast's high-class pair Hawkberry and Sarah Siddons.

Other countries, in addition to France, with the possibility of being represented are the U.S. (Recupere and Effervescing), Norway (Noble Dancer), West Germany (My Brief) and the USSR (Nash).

SALEROOM — BY ANTONY THORNCROFT

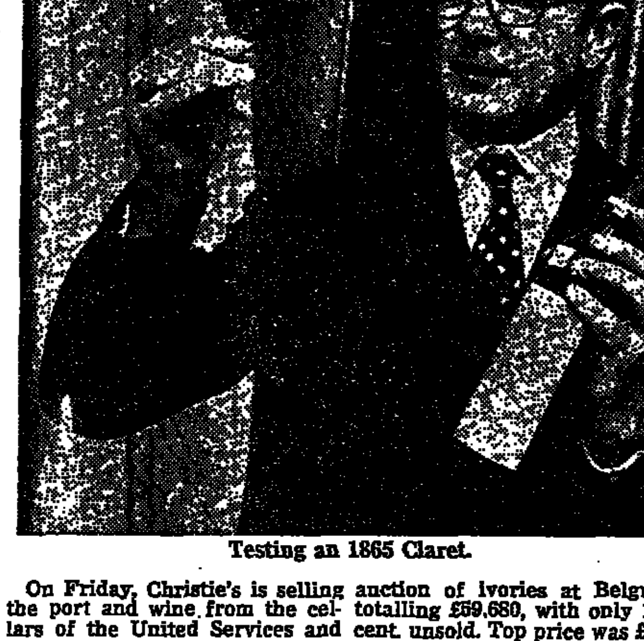
Wines for every palate

CHRISTIE'S starts its 1976-77 season in the main saleroom on Monday, and for the first week the auction rooms will be awash with wine. For four days there are sales of French wines, and some port, reinforcing the position of the London salerooms as disposers of the surplus stocks of the troubled Bordeaux wine trade.

On this occasion, most of the wine comes from the Cordier family, who are vineyard proprietors, as well as merchants, responsible for wines bearing the names of Gruaud-Larose, Talbot, and Lafaurie-Peyraguey. The need for cash and space is behind the auction, which brings under the hammer 14,000 cases, covering 56 vintages.

The wines are of good, rather than outstanding, quality, and this is the kind of sale likely to appeal to the keen amateur drinker rather than the rich professional. This is claret (and sauterne) for drinking, although the bottle from the 1825 Gruaud-Larose vintage might set you back more than £250.

On Thursday, Christie's holds another big claret sale, disposing of wine from Calvet, the big Bordeaux merchants. While Cordier covers just three chateaux, Calvet offers wine from 57, from the period 1934-71. All in all, this is the widest range of vintages, and chateaux, ever made available in such a short time. Prices are likely to be quite reasonable, and could set the level for the season.



Testing an 1865 Claret.

On Friday, Christie's is selling the port and wine from the cellars of the United Services and Royal Aero Club—"The Senior"—which closed its doors this year. It is a small sale, and likely to be well patronised by ex-members of the Club.

In the salerooms yesterday, Sotheby's held another successful auction of ivories at Belgravia, totalling £59,680, with only 1 per cent. unsold. Top price was £1,300 double the forecast, for a large 19th-century Japanese figure of a pedlar.

At Spencers of Retford, £2,500 was paid for a ring with a single diamond of three and a-half carats.

ENTERTAINMENT GUIDE

OPERA AND BALLET — THEATRES — CINEMAS — ART GALLERIES — CLUBS

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). 9.30 For Schools, Colleges. 10.45 You And Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.53 Regional News (except London). 3.55 Play School. 4.20 Dastardly and Mutley in their flying machines. 4.30 Jackanory. 4.45 Why Don't You . . .? 5.10 The Singing Ringing Tree. 5.35 Noah and Nelly in SkylArk.

5.40 News.
5.55 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.10 It's A Knockout.
8.30 The Good Life.
9.00 News.
9.25 Harry O.
10.15 Tonight.
10.45 Weather/Regional News.
10.47 The Friday Film: "Amsterdam Affair."

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-Y-Pant. 5.55-7.05 Wales Today. 7.10 Heddiw. 7.30 The Ellery Queen Whodunit. 8.20-8.30 Beauty Is In The Eye. 10.15 Kane On Friday. 10.45-10.47 News and Weather for Wales.

Scotland—10.23-10.43 a.m. and 11.30-11.50 For Schools. 5.55-7.05 p.m. Reporting Scotland. 10.15 Wodehouse Playhouse. 10.45-10.47 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.05 Scene Around Six. 10.15 Gallery. 10.45-10.47 News and Weather for Northern Ireland.

England—5.55-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth). 10.15-10.45 North (from Leeds) We've Got The Music; North West (from Manchester) Home Ground; North East (from Newcastle) The Yesterday Show; Midlands (from Birmingham) Personal Account; West (from Bristol) Bristol With Honours; South West (from Plymouth) Peninsula; South (from Southampton) Report South; East (from Norwich) On Camera.

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
2.00 p.m. Racing From Ascot.
5.00 Open University.
7.05 Animal Marvels.
7.30 Newsday.
7.40 The Waterloo.
8.10 The Money Programme: Watchdogs or Bloodhounds?
9.00 Well Anyway.
9.30 Rescue At Entebbe.
10.25 The Expert.
11.15 Late News On 2.
11.25 Open Door—Open City.
12.05-12.10 a.m. Closedown: Angela Down reads "Bog Queen," by Seamus Heaney.

LONDON

9.30 a.m. Schools Programmes. 12.00 Kathy's Quiz. 12.10 p.m. Hickory House. 12.30 Golf: Benson and Hedges International Open. 1.00 News, plus FT index. 1.20 Lunchtime Today. 1.30 Marked Personal. 2.00 Good Afternoon. 2.25 Golf. 3.50 Emmerdale Farm. 4.15 The Kids From 47A. 4.45 Magpie. 5.15 The Flintstones.

5.45 News.
6.00 Today.
6.35 Crossroads.
7.00 Lucky Feller.
7.30 General Hospital.
8.30 Yus My Dear.
9.00 Victorian Scandals.
10.00 News At Ten.
10.45 Police Five.
11.00 Russell Harty.
11.50 Benson and Hedges Golf.
11.50 Benson and Hedges Golf (highlights).
12.20 a.m. Close: Judith Davis reads from Kahil Gibran's The Prophet.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 5.10 Bygones. 6.00 About Anglia. 7.00 Gambit. 8.30 Lucky Feller. 10.45 The Collaborators. 11.50 Golf Highlights. 12.20 a.m. Men Who Matter.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.15 Sinbad. 5.20 Spiderman. 6.00 ATV To-day. 7.00 The Sweepstakes Game. 8.30 The Many Wives of Patrick. 10.45 Extra Time. 11.15 Golf Highlights. 11.45 The Streets of San Francisco.

BORDER

†1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 The Sweepstakes Game. 10.45 This Sporting Month. 11.15 Golf. 11.40 The Streets of San Francisco. †12.40 a.m. Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. †6.00 Report At Six. 7.00 What On Earth. 7.05 Jonathan Routh and Candid Camera. 8.30 Lucky Feller. 10.45 Late With Danton. 11.05 Late Night Movie: "That Certain Summer." †12.20 a.m. News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.15 Happy Days. 6.00 Grampian Today. 7.00 The Sweepstakes Game. 8.30 The Electric Theatre Show. †10.45 Feature Film: "Vengeance," starring Anne Heywood. 12.05 a.m. Golf. 12.40 Evening Prayers.

GRANADA

1.20 p.m. What On Earth. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.35 Kick Off. 7.05 Jonathan Routh and Candid Camera. 8.30 The Sweepstakes Game. 10.50 For Adults Only: "Terror On The Beach." 12.10 a.m. Golf (highlights). †12.40 Douglas Fairbanks presents.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Lucky Feller. 7.00 Yus My Dear. 8.30 The Sweepstakes Game. 10.45 Report Extra. 11.15 Golf (highlights). 11.45 Police Story.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 6.00-6.15 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Women Only. 5.15 Kiri. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Elaine, The Singer of the Song. 7.00 The Sweepstakes Game. 8.30 Lucky Feller. 10.45 Late Call. 10.50 TV Movie: "Mongo's Back in Town," starring Telly Savalas. 12.10 a.m. Golf highlights.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.15 Weekend. 5.20 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66 only). 6.30 Out Of Town. 10.45 Boney. 11.40 Southern News Extra. 11.50 International Golf Highlights. 12.20 a.m. Tina Heath finds Faith.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 5.15 The Flintstones. 6.00 Northern Life. 7.00 The Sweepstakes Game. 8.30 Lucky Feller. 10.50 Sportstime. 11.15 The Friday Night Film: "House of the Damned." 12.20 a.m. Golf highlights. 12.50 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by lunchtime. 3.48 Ulster News Headlines. 5.15 Here's Lucy. 6.00 UTV Reports. 6.25 Police Six. 10.45 Sportscast. 11.15 Golf highlights. 11.45 The Protectors.

WESTWARD

12.25 p.m. Gus Honeybuns Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary and Sports Desk. 7.00 What On Earth? 7.05 Jonathan Routh and Candid Camera. 8.30 Lucky Feller. 10.47 Westward Late News. 10.50 Late With Danton. 11.10 Late Night Movie: "That Certain Summer." 12.10 a.m. Golf highlights. 12.45 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Sweepstakes Game. 8.30 Lucky Feller. 10.45 Calendar Sport. 11.05 Appointment With Fear: "Tales From the Crypt."

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Simon Bates. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.30 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1 but including on 1,500m. only (also 202m. Scotland) 2.45 and 3.45 Sports Desk and Racing from Ascot. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Free Spin. 7.30 Sammes' Songs (S). 8.02 John Fox conducts the BBC Radio Orchestra (S). 9.02 Cologne Welcomes London (S). 10.02 Sports Desk. 10.05 Barn Dance from the 1975 Whitby Folk Festival (S). 11.02 Len Jackson with The Late Show (1,500m. only, also 202m. Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer: Prokofiev (S). 9.45 BBC Concert Orchestra (S). 10.30 Mozart piano and violin recital, part 1 (S). 11.30 Words. . . . 11.35 Mozart, part 2 (S). 12.15 p.m. Midday Concert, part 1: Weber, Martinu (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert, part 2: Boydell, Brahms (S). 2.05 "The Sugar Reapers" (or Guiana Johnny), opera in two acts by Alan Bush. 3.25 Cardiff University Concert (S). 4.40 The Austrian Mass in Beethoven's lifetime (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Leisure and Recreation. 7.30 Havergal Brian Centenary Festival, part 1: Brian, Strauss, Berlioz (S). 8.10 The Price of Adversary Politics (talk by Christopher Johnson). 8.30 Concert, part 2: Beethoven, Berlioz, Brian (S). 9.15 Three Country Poems. 9.30 Yonty Solomon piano recital (S). 10.35 My Dear Nimrod. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 The Flypaper. 9.00 News. 9.05 Ford v. Carter (‡ from 9.40). ‡10.00 News. ‡10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Life After Life. . . . 12.00 News. 12.02 p.m. You and Yours. 12.27 Dr. Finlay's Casebook. ‡12.55 Weather, programme news. VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (‡ from 2.00) from Cardiff including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 A Good Read. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Harry Worth. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 Pick of the Week. 8.30 Simenon's Maigret (S). 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 The Burkiss Way. . . . 11.40 News.

For Schools (VHF only): 9.00 a.m.-12 noon and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Local Lobby. 9.20 John Toogood with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons with Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 A Londoner in Moscow. 4.30 Tony Fish with Home Run, including 4.50 and 5.50 London News Desk. 6.03 London Sports Desk. 6.30 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.) 8.30 Black Londoners. 10.03 Andy Finney with Single File. 12.00-Closedown As Radio 2.

London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M."—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Arena. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,191

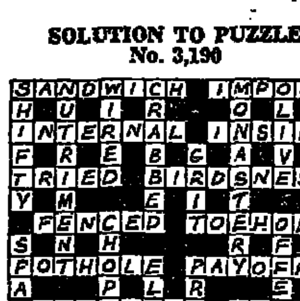
ACROSS

1 Release the French solicitor (3, 3)
4 Stopped work with prepared cases (6, 2)
10 Relish getting impudence from money-making plant (4, 5)
11 Nymph goes north with first-class notice (5)
12 Food to pass on before tea (4)
13 Where thread can be obtained in quick succession (3, 3, 4)
15 Creature that shuts up worker for demanding (7)
16 Lad we'd trained to go slow (6)
19 Holiday cove (6)
21 Something less than a baron of beef (7)
23 Innkeepers work in prison (6, 4)
25 A mere red (4)
27 No ball at Lords is super in the studio (5)
28 Friend daughter made known (9)
29 Put one's foot down and caused a revolution (8)
30 Way to ring cardinal when put away (6)

DOWN

1 Injured bird not well qualified for state aid (4, 4)
2 Say how old you are in immature state (6, 3)
3 Bear up (4)
5 Swear Mr. Heath was turned away (7)
6 Royal Sovereign or some other vegetable (4, 6)
7 Energy that could lead to the House (5)
8 Quietly confused by gentle row (6)
9 Equipment appropriate when not at home (6)
14 Assume responsibility for having to deceive factory worker (4, 2, 4)
17 It's a retrospective glance mind (4, 5)
18 Meant to see fiance (8)
20 Sink one of teams from a lower division (7)
21 Odds on ceremony suiting fairy (6)
22 Most talented sailor in case (6)
24 Part of worthy thesis on old port (5)
26 Give out when time is up (4)

SOLUTION TO PUZZLE No. 3,190



nt Garden

Das Rheingold

by DOMINIC GILL

irst of this season's pair cycles at Covent Garden. a complete cycle, though introduced back-to-front ek by a preview of the ;tterdämmerung, opened day with Das Rheingold. nductor is again Colin and the cast is subly the same as it was two go.

as perhaps rather an ve, than a frankly inns, beginning: a Ring chungen which could, one ith some luck and not a nagic, eventually fall the de of the river-bank; but might also just drop side, and with barely a or a murmur, sink withce. Too early—and maybe the Ring is concerned, it lways be too early—to decisive pronouncement. was indeed magic of any instrumental, vocal or that this introduction to r's massive trilogy most lacked. Colin Davis, s holding himself and yers back for the rigours offered only the blandest ouragements to the score: sic was always adequately ted, but without zing or ithout surge or sensuous ow, without, in short, ever ng it unequivocally, tly to life. There were ig moments—accompaniof admirable spring and ss, sensitive dovetailing, a ty of instrumental detail, ally in the final scene, pointed. But moments ot enough: it was not, lly speaking, a Rheingold et the appetite, to set the ar Ring-shivers running ntarily up and down the

singers too were slow to none was ever less than le, but none outstanding. Wotan of Donald McIntyre, robust, big and booming, lacked the subtler inflections of voice and manner, a big, wooden figure, not so much smaller than a God as smaller than life. The Rhinemaidens (Valerie Masterson, Eiddwen Harrhy and Gillian Knight) sang beautifully. Neither Joan Carlyle's Freia nor Josephine Veasey's Fricka made the more vivid impression one felt was both their due and their potential. George Shirley's Afro-Loge was likeable, but a shade ineffectual, a worrier rather than a fixer. Both Ragnar Ulfung's Mime and Zoltan Kelemen's Alberich had their eloquent moments: but both were inclined to withdraw from meeting the full challenge of their climaxes. Robert Lloyd and Matti Salminen made gruff, respectable giants. Erda alone, visible from the shoulders up, sung by Elizabeth Bainbridge, achieved in her soliloquy something like credible divinity.

As an imaginative coup, Svoboda's square, swivelling set, at once platform, mirror and staircase, is effectively startling. Whether it is startlingly effective is more open to doubt—certainly, the mirrors on its underside present the bustle of Nibelheim more convincingly than they do the depths of the Rhine—a bitty, flickery place more reminiscent of a weird nightclub basement than a river-bed.

A puzzling Rheingold. After nearly three hours on Tuesday evening, it was difficult to believe that Götz Friedrich's severe, strangely unsympathetic depersonalised production, unenchanted, and at all events unenchanting, could augur—though it may yet persuade us, as it settles, and as we know it better—very special, perceptive echt Wagnerian delights. It is sharp, polished, and on its own terms a real achievement.

al Court

Mother's Day

by B. A. YOUNG

rid Storey's new piece is a much updated example of ld-fashioned kind of play, lay about a dotty working family with a dragon-like er at its head. To this basic ula Mr. Storey has added a :ness and a licence that t have made Joe Orton 1.

s. Johnson (Betty Marsden) ally lets a room in the counouse where she lives with husband, a house painter, three of her children—the -witted Lily who spends most her time locked in a cuprd, the useful Edna and the tiably randy Gordon, her ourite, ready at the drop of zip fastener to commit any ginable crime, sexual or erwise, and some hardly ginable at all.

he tenants are Judy, a simple ear-old from higher up the al scale, and her husband rer, who is not, as it turns her husband at all but an enturer who lives by arrying" young girls from lthy families and extracting pensation for returning them. complete the dramatis perie—for there is little point in ng to follow the plot—we Harold, the Jobsons' elder an aircraftman in the RAF; private detective, Peters; and y's respectable parents, Mr. Mrs. Waterton.

r. Storey's farcical invention reless, and has the advantage unlimited permissiveness. don recounts in words of four ers his comprehensive treatment of Judy when he went up to her room. Judy may well have accepted it all as routine, for she is seduced by two more people during the evening and seems in no way worried by it. It is a rapeful house; even when Peters returns, after his first unsuccessful visit, disguised as a woman, he is given the treatment by Farrer and Gordon, a treatment they subsequently accord to Mrs. Waterton, to her evident satisfaction.

Such an extravaganza can hardly hope for a conclusion, but at least the play ends with all the characters satisfied, financially and sexually, apart from the unhappy Peters and Lily, who are nature's butts. Even Harold, having bought himself out of the RAF, proposes to marry his sister Edna, a proceeding no one regards as either improper or unlikely.

The direction by Robert Kidd makes the most of the cleverly composed farcical situations, which reach a climax in a knockabout scene after the interval which begins with a fine three-sided fight in the dark. Thereafter the play moves rather more slowly, perhaps rather too slowly, towards its end.

There is no doubt that Mr. Storey takes our new-found dramatic freedom beyond the limits some people may find tolerable. But he is always funny, and his writing is devoid of any trace of ill-nature. Poison in jest, as Hamlet said; no offence in the world.

. John's, Smith Square

Saltarello Choir

ince the recent accession of ir new conductor, Richard nas, the Saltarello Choir e shown every sign of reviv- the early promise they wed some years ago as one of most interesting amateur ral groups. Their proammes especially have taken a renewed sense of advene: on Wednesday in St. John's, med between a lovely Stabat ter by John Browne from the n Choirbook and Vaughan lliams's G minor Mass, the ltarello offered two new pieces English composers specially nmissioned for the occasion. Two Choruses by Graham arn is scored for double choir ging open and closed vowels, t words. Our note described work as a "learning pross" — though "frustrated ching process" might be bet-: Chorus I gradually initiates orus II into the delights of dded-note (at first, very nply, added-seventh) harony; the two Choruses join toether exuberantly in a lush ntral section of chromatic melismas and polyrhythms; but the lesson ends in stalemate when Chorus II refuses to be led out of the first D major tonality.

It is an ingenious and beautifully executed idea, gently humorous, though not in the least "funny" in intention—a delicate antiphony of very quiet diatonic, pentatonic and chromatic-jazz chords, echoed, echoed again, and subtly shifted between choruses.

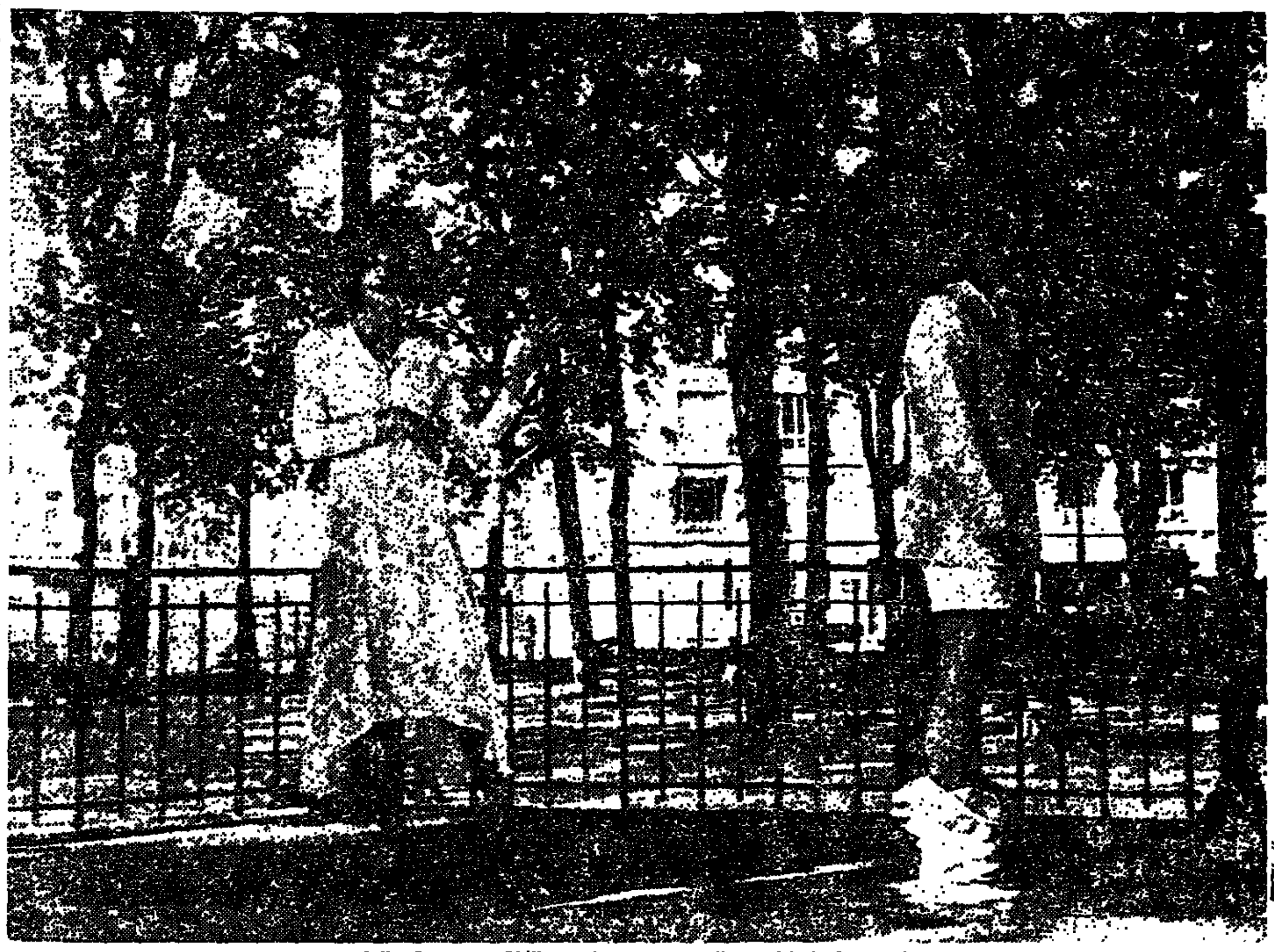
Somewhat less original, though also ingenious, was Richard Orton's a capella setting of 11 short texts (there are 31 in the complete work) by George Murphy called The Seed of Time. A neat, busy, surprisingly academic-sounding essay from this York composer, full of deft, Ligeti-like effects and quite straightforward word-painting—gasps and whispers as the words grasp a blade of air; fluted instrumental sonorities; glissandi at a cracked laugh; a flurry of sung speech at various pitches as the poet recognises the word/Monotonous/Constantly repeated.

DOMINIC GILL

Cinema

Cat's cradle

by LOUISE SWEET



Juliet Berto and Philippe Clevenot in 'Celine and Julie Go Boating'

Céline and Julie Go Boating (AA) Paris Pullman
Obsession (AA) Plaza

Paris: A red-haired girl, Julie, sits on a park-bench, a large red book about magic in her lap. She scratches a cabalistic symbol on the earth with her foot, which seems immediately to summon up the presence of another girl, Céline, running helter-skelter like the White Rabbit, shedding parts of her biography as she goes — sunglasses, a child's doll and, in parody of some Victorian romantic lure, a scarf.

In the intricate game of hide and seek which follows, representing some of our more earnest quests (marriage, success, total happiness) as partial and illusory, *Céline and Julie go Boating* casts several interweaving spells. The title in original French is a punning allusion to the expression "aller en bateau," which means to be caught up in a story. Among the stories which director Jacques Rivette ravels and unravels around the viewer are two by Henry James (*The Other House, A Romance of Certain Old Clothes*), which provided one or two of the project's original ideas, and a film-within-the-film, actually entitled *Phantom Ladies Over Paris*, which is the final result of the heroines' hazardous collaboration of fantasy and memory.

In the opening scenes, Julie (Dominique Labourier) is coyly led on a chase by Céline (Juliet Berto) — the latter clad in an assortment of fabrics like a clown, an irregular map, a patchwork bundle — from the park bench to the Historical Museum in Montmartre, and then into noisy city streets and a seedy hotel where Céline registers as a "Magician." Interrupted in the game of pursuit, Julie stands bewildered at a city intersection, not knowing where Céline has gone: the traffic lights change from yellow (caution) to red *(full stop). A silent film title* (one repeated through the film *to hint at a never-ending process* of finding and losing) then *announces: "The next morning,* however, . . ." and Julie discovers *Céline in a cafe, where she* returns the scarf. Céline accepts with "Thank you, Sir." as if a gallant cavalier had shown his love by surmounting obstacles.

By profession, the robust Julie is a librarian, but an unusual one. Part of her day's ritual is apparently to have Tarot cards read for her by a fellow-worker Lil (Anne Zamire), and she uses books not only as sources of information, but as a way of actively seeking out and manipulating her past as well as her present.

Behind Julie's back, Céline enters the adult environment of the library, drawing on books in the children's section and then slamming them on the table before abruptly leaving. Julie cannot easily penetrate Céline's history—partly because the latter represents possibility rather than fact, inventing herself daily in discussions with friends, to whom she tells wildly improbable stories about Bengali, "a place in Africa," while casting Julie as her rich American benefactress, a "Marilyn" with a pink, heart-shaped swimming pool and an address carefully kept from the Press but known to Céline.

As a symbolic child, Céline eventually turns up on Julie's stairs (stairways throughout leading to scene changes, time *changes and to suggested, invisible events*), with her knee *badly skinned and a tale about* being threatened by her boss, a *man who lives with two women* in a house where she worked as *a nanny for a little girl*.

While Céline cleans herself in a shower, she prattles about other mythical adventures. She mentions a pygmy chieftain and his gift of tiger skins, which invokes a motif introduced in the first shot of the film when a cat *is seen stalking* a pigeon near Julia's bench.

Intrigued by Céline's story of the house with the man and two women, *Julie sets off the next* morning to investigate, the *address apparently supplied by* herself, and eventually finds that *it is next to her own childhood* home, still occupied by her old nanny. *Céline meanwhile rummages in Julie's toy-chest, finding an assortment of dolls, including the one she herself dropped the other day, and a* faded photograph of the large house which Julie is at that moment trying to enter. A few seconds later, Julie finds herself pushed out of the door with a *mysterious sweet in her mouth*, too shaken to remember what took place.

Céline goes to the library to look for Julie and is told by Lil that she has gone far away and may never come back. But the unnerved Julie does return, and she and the tale-telling, protean Céline (who at one point is seen exercising the profession—a magician in a seedy nightclub—which indulges her talents) take turns at visiting the house. Each time they return dazed, though their memories are gradually restored in elusive fragments by the sweets they find dissolving *in their mouths*, and they (and we) become spectators of the *second "film" unfolding inside* the house.

Olivier (Barbet Schroeder, also the producer) lives with Camille (Bulle Ogier), the blond sister of his dead wife, and with the dark-haired Sophie (Marie-France Pisier) who is like a "second mother" to Olivier's small daughter, Madlyn. The child is ill, pale in a room of bright flowers, wasting from a hereditary illness. Olivier has taken a vow that he will not remarry and subject Madlyn to the kind of childhood suffered by his wife. But Sophie and Camille both desire Olivier, and it seems that the child could be in danger: Sophie gives Madlyn sweets forbidden by her father, and the insignia of a red hand reappears on a pillow which may have been used to suffocate Madlyn.

Though the murderer and motive change in their various "screenings" of the plot within the house, and their own attitude toward the events varies from rapt hysterics to slight boredom, Céline and Julie eventually decide to rescue the child—and the child in themselves. A recipe from a book provides directions for a magic potion of earth, air, fire and water, which takes them into the house where they proceed to lark through the scenes and dialogue they have already "projected" while Olivier, Camille and Sophie turn steadily into ghostly, theatrical creatures.

Madlyn is rescued through magic, and the next day finds the three literally "en bateau," *in a peaceful outing on a lake*. The sudden appearance of Olivier and the two women, drifting by in the frozen postures of wax-works figures, serves to indicate that memory is no *longer* air-tight, and alien events might forever intrude on the present. The final scene returns to the beginning, with Céline replacing Julie on the park bench as Julie scurries by, dropping her magic book. The pursuit is resumed.

\+

Compared with Rivette's masterful tale of the past entangling itself in the present (a visual representation of the layers suggested in stories by Borges or Samuel Agnon), Brian De Palma's *Obsession* stays flat on the surface. Scripted by Paul Schrader (who wrote the recent *Taxi Driver*), the film outlines the obsession of Michael Courtland (Cliff Robertson) with expiating the guilt he feels for the deaths, 16 years ago, of his wife and small daughter in a kidnapping attempt. Related obsessions are those of Michael's partner in a New Orleans land development enterprise, Robert La Salle (John Lithgow), who bears the hero a long-standing, but insufficiently motivated grudge, and of the young girl, Sandra Portinari (Genevieve Bujold), who reveals an astonishing resemblance to Michael's dead wife.

Michael meets Sandra on a business trip to Florence, in the cathedral where he met his wife Elizabeth, and where (rather predictably) Sandra is engaged in the restoration of church paintings. Michael courts the girl, and makes good a promise to her dying mother by taking her back to New Orleans to marry her, grateful that life has given him a second chance to prove his love. But the trick in the plot, and the schemes of LaSalle and Sandra, only plunge him back into the old nightmare.

Unfortunately, it is just here that De Palma's grip on his *characters seems weakest—and* their obsessions little more than *necessary gestures—while his* supercharged story-telling style *has a lyrical intensity that* rapidly becomes overkill. De *Palma has admitted a weakness* for "romantic novels," and he is *clearly obsessed with the kind* of morbid parallels and fatalism *of his mentor*, Alfred Hitchcock. But too many doors are never opened. Despite an excellent musical score by the late Bernard Herrmann, and lush photography by Vilmos Zsigmond, the film never manages to penetrate the trappings of romance to explore the inner workings of memory and desire.

Nigel Andrews is on holiday

Cambridge

Anastasia

by MICHAEL COVENEY

Guy Bolton's creaking romance, adapted from the novel of Marcelle Maurette, is a timely if not exactly bristling arrival *in the West End. The new* interest in the claims of Anna *Anderson, or Anna Broun as she* is called here, is unlikely to be seriously fostered by the play, which dates from the early 'fifties and plays coyly around with the ambiguous reactions of a desperate peasant woman who becomes embroiled in a conspiracy to lay hands on the £10m. Romanov inheritance.

Anna's Svengali is a dashing Russian prince who is living in a mansion on the outskirts of Berlin in 1932. He is himself a shady character who operated in the last pre-Revolutionary days, we learn, as both an aide-de-camp to the Empress's son and a willing assistant to the discredited Socialist leader Kerensky. "When I meet a *man like that*," says the Dowager, "I can understand why the Revolution happened." When I see a play like this, which at one point plaintively links the destruction of the Romanov dynasty with the sinister stirrings of the early '30s, I can understand what is meant by the term "deadly theatre."

Anna learns the role that has been assigned to her too quickly to dispel the idea that she may indeed be the real Anastasia. And she produces spontaneous biographical details that, at the end of Act 2, convince the Empress that she certainly is. But the deal also entails marriage to the snobbish Prince Paul, and she wants to know from him whether he loves her because she is a beautiful woman or merely because she is Anastasia with a dowry. The Empress, a musical comedy creation given a real dignity by the majestic playing of Elspeth March, is a *romanticised relic of the good* old days when leisure, property *and style were not the dirty* words the play insists they have now become. Blame those horrible Bolsheviks!

Tony Craven's production is, to put it mildly, undistinguished. The setting is tatty, the supporting cast just about adequate. A blind peasant brought in to testify that Anastasia lives is, for some reason, stricken with some form of muscular paralysis. Peter Wyngarde as the conspiratorial *prince gives an emphatic and* sometimes attractive performance *that nonetheless fails to* convince you of what the character is actually *thinking* at any point in the action. And as Anastasia, Nyree Dawn Porter is as beautiful as she is required to be but unable to invest her dreadful lines with any variant delivery beyond moping self-indulgence or stuttering hysteria.

South East Arts' Composition Prize

South East Arts' Composition Prize has been won by 23-year-old Sylvia Hallett of Crowborough, East Sussex. The prize, value £300, is for an orchestral piece lasting not more than ten minutes.

Miss Hallett's composition, *This Sometime Silence*, will be performed by the Royal Tunbridge Wells Symphony Orchestra, conductor Elgar Howarth, for the first time on Sunday March 6, 1977, at 3.00 p.m. at the Assembly Hall, Tunbridge Wells.

Purcell Room

SPNM

by MAX LOPPERT

Following the annual Composers' Week-end, this summer at the *University of East Anglia*, the Society for the Promotion of New Music brought six of the new compositions submitted there for a London hearing. An uncommonly good crop, as Wednesday's concert—given by nine of the Park Lane Players, in various divisions and combinations, conducted by Edwin Roxburgh—showed. *Though no* common theme or manner could be traced among the pieces (except for the choice from a prescribed range of instruments, including trombone, harp and guitar), they all shared, at the very least, a compositional deftness that was encouraging.

A review of such an occasion *forces comparisons and "placings"* where none was intended, *or wished on the music*, by the concert; even with this in mind, *however*, I have to say that I admired the opening piece most *of all the six. This was Burning Bush*, two "impressions" by Julia Usher (b. 1945), which immediately and effectively *communicated its musical aim*: to explore the tensions set up by *similar sound-producing techniques* on different instruments, *to follow* through a "*preoccupation* with images of heat, incandescence and awe." *There was* manifest a sensitivity to the textures, to the different possible characters, of the nine instruments used that was poetic in method, and often poetic in outcome. A notable moment of poetry was the tremolo passed from piano to guitar and then harp: a shiver of intensity, an image, sharply caught, like many others in the piece.

Drones III for trombone and tape by Lyell Cresswell *mined* a very different vein of poetry, one intentionally restricted in means, by the placing of a long, lingering, muted trombone monologue against taped whispers and sighs, now distant, now impinging on the instrument. The colouring was subtle, the quiet restraint welcome. This was in acute contrast to the preceding piece—*Da 34te Mth cary* etc. (that part of the title printed upside-down has, *of necessity, to be omitted here*) by Henry Brown. Viewed as a *dramatic dialogue between* Gogol's Madman (the redoubtable Ronald Lumsden, *simultaneously* playing a strenuous piano part and declaiming textual fragments) and Interrogator (clarinet), with three strings as intervening Chorus, the musical conflict is jagged, nervous in flux, unpredictable in dramatic attack —and striking in effect.

These pieces all left a more distinctive impression than the two essays—*Ballade* by Michael Maxwell, *Tetrad* by Eldon Walker—weaving diverse patterns of harp, guitar, flute and trombone. Both were professional in cut, easy in lyrical line, slightly anonymous in flavour (my memory can no longer distinguish between the two). As finale, there was Edward Shipley's unexpectedly demure musical expression of Occult and Satanism called *The Seventh Enochian Key*—demure, because Mr. Shipley's programme note promised "lust, . . . glamour and (rejoicing) in the pleasures of the flesh," and the music offered only gestures of *grand guignol*, all ghostly knocks and thumping rhythms, placed with a touch of humour and imagination that proved diverting.

New Theatre, Cardiff

The Midsummer Marriage

Tippet's opera *The Midsummer Marriage*, one of the richest, most *life enhancing stage works* written by an English composer, has come of age. *Twenty-one* years have passed since the first *production at Covent Garden* which caused such a mixture of *excitement and initial bewilderment*. Now, belatedly but affirm*atively, there comes the first* production by one of our regional *companies*. With it, Welsh National Opera at another glowing achievement to their 20th century repertory. Richard Armstrong (who shares the conducting with Anthony Hose) directed the Welsh Philharmonia at the first performance, on Wednesday. Ian Watt Smith is the producer, Terry Gilbert, the Choreographer (*The Midsummer Marriage* is an opera-ballet as well as other mysterious and wonderful things).

Sets are by Ralph Koltai, costumes by Annena Stubbs, lighting by Robert Ornbo.

Until the recent enlargement of the orchestra well, this opera *would have been unthinkable in* the New Theatre at Cardiff; the ear rejects the idea of bucketfuls of notes competing under the old conditions with leaping vocal lines for the soloists and a strenuous chorus part.

But now, though from the stalls the sound is not particularly warm, it is clear and honest. Mr. Armstrong, who was assistant to Colin Davis for the 1968 production at Covent Garden and who obviously knows and loves the score through and through, balanced voices and orchestra extremely well. The *words came over (not an unmixed blessing in this opera, as Tippet's many admirers will admit)* with remarkable clarity, the sizzling vitality of the opening was maintained almost without interruption. There were only two places during the evening where the performance flagged slightly—in the episode of the shattered glass in Act One, and towards the end of Act Three when the valiant strings went temporarily limp.

Mr. Koltai's set is an interesting, typical example of all-through designing with problems reduced to their essence and the outcome as simple as possible. One day it would be interesting to see *The Midsummer Marriage* in a naturalistic setting deriving from the English downland landscape that must have inspired the vision behind the opera. Koltai's solution is purely abstract, with revolving discs and sliding, slatted panels, Jenifer's ascending stair and Mark's descending cave, adequately represented, with enough room over for chorus and dancers. The predominant green looks terribly *artificial at first, but one grows* accustomed to it. Once again, *Mr. Koltai goes 100 per cent. for* shiny and by now rather conven*tionally modern materials*, suggesting factory or showroom *more than ancient wood and hill*top, but the result is certainly *more interesting than the last* Covent Garden staging.

Another improvement is the producer's handling of the chorus, which has page after page of glorious music to sing but is *dramatically and* [illegible] a potential embarrassment. Much less *so this time, while the keen* tone and bang-on attack of the *WNO Chorale is thrilling to hear* in a theatre of this size. In the *last act*, Mr. Watt Smith has taken a brave risk in making the *oracle Sisostris and the unveil*ing of the united Mark and *Jenifer invisible*. Neither episode would be easy to bring off *on a small stage, but the* [illegible]fication puts some strain on the *singer of Sosostris* (Helen Watts, for the most part impressive as ever) while the play of abstract lights for the revelation of the lovers is surely likely to mystify newcomers to this opera who may well wonder why Jenifer's tycoon father King Fisher suddenly drops dead.

King Fisher is Raimund Herincx, like Miss Watts, a member of the former Covent Garden cast. Though his singing is as authoritative as ever, the character comes out rather more *sympathetically* than before. There is a new, warm voiced likeable Mark in John Treleaven recently heard in the London Opera Centre's *Rodelinda* [illegible]. Judging by her final phrases Jill Gomez will soon grow into the part of Jenifer — on Wednesday her first act was a little too careful for the full radiance to be captured. The Papageno couple is taken by two young Welsh singers. Mary Davies as Bella *projects tone and words* with perfect assurance — only *her "make-up" aria failed* to make the full effect, partly because elaborate hair [illegible] suitable. Boyfriend Jack is not much of a part until he finds the courage to defy King Fisher at which point the music of Arthur Davies promptly became twice as interesting.

The Ancients, guardians of the temple are notably well sung by Maureen Guy and Paul Hudson. Unfortunately, their [illegible] costumes and make-up quite contradict their sophisticated language—one of the odd successes of Tippet's extraordinary jumble of a libretto. The dances, whom the Ancients deploy at crucial moments were led by Hugh Spight, a strong dancer—though neither he nor anyone else will easily blot out memories of Pirmin Trecu, the first Strephon. The dancers' body tights suggesting unisex nakedness, are confusing because the point of the *Ritual Dances is sexual aggres*siveness, but Mr. Gilbert has *ingeniously devised movements* sufficiently striking for the *superb musical context yet prac*ticable for dancers negotiating a *sloping stage with steps*.

Anyone who has felt the *invigorating, enveloping power* of *The Midsummer Marriage will make a point of seeing this* stimulating, accomplished new staging. There are further performances in Cardiff tonight *and Thursday of next week*.

During the autumn tour, the work will be given at Birmingham, Liverpool, Leeds and Manchester, in every case with tickets at special, flat-rate prices. *The Cardiff audience* gave the composer and his interpreters a heartening ovation.

RONALD CRICHTON

EUROPEAN NEWS

IFO SURVEY OF W. GERMAN ECONOMY

Business confidence falls, consumer demand steady

BONN, Sept. 23.

BUSINESS confidence in West Germany showed a clear deterioration during August, while at the same time the consumer demand that has largely fuelled the country's economic recovery appears to have levelled off. These are two of the findings reported to-day by the ifo economic research institute of Munich, whose regular polls of West German business have an unequalled record in plotting the current course of the economy.

The change that ifo detected last month lay in the number of manufacturing companies that expected an improvement in business during the coming six months. In July a majority still believed that conditions would improve, but in August a majority of the IFO sample said that they expected no further change for the better.

At the same time, the institute issued its own analysis of retail sales in West Germany, concluding that consumer demand stagnated in real terms during the second quarter of this year, after showing signs of slowing down during the first quarter. Compared to the first six months of 1975, real gross national product (GNP) in the first half of this year rose by 6 per cent., yet private consumption increased by only 4 per cent.

The IFO report is at pains not to exaggerate the implications of these findings. By examining other variables, its authors write. "it must be concluded that in terms of the economic outlook for manufacturing industry, scarcely anything has changed."

Thus, many companies already reported orders in hand as too low and stocks as too high, while lower production could in many cases be explained by summer seasonal factors.

The report also stresses that a majority of companies continued to expect further improvement in exports, while there was also a much more optimistic assessment of short-term prospects than of those for the next six months.

Breaking the findings down into broad sectors, the IFO report once again finds the deepest pessimism among steel and metal manufacturers. But it also reports a deterioration in the expectations of machine tool and electrical engineering companies, while the capital goods sector as a whole continued to report an unsatisfactorily low level of orders in hand. Once again, the most confident industries were the makers of office and data-processing equipment, commercial vehicles and precision engineering and optical products.

Recovery assured—Apel

BY GUY HAWTIN

FRANKFURT, Sept. 23.

WEST GERMAN economic recovery was assured, said Dr. Hans Apel, the federal Finance Minister, after to-day's Bundesbank Council meeting. The Government would be taking steps to see that the inflation rate reduced to the level of "a three before the decimal point."

Earlier, Dr. Karl Klasen, the Bundesbank's president, confirmed that the central bank believed the "ambitious target" of reducing inflation to below 4 per cent. in 1977 could be achieved. In August inflation was running at 4.6 per. cent., considerably lower than earlier in the year.

Both Dr. Apel and Dr. Klasen emphasised the importance both the central bank and the Government attached to the "snake" of European floating currencies and Dr. Apel pledged West German support for holding the system together. It was also indicated that the impetus of the rush into Deutsche marks has slowed substantially. After reaching DM3.5bn. in August. it slowed this month to DM500m. so far.

IEA dissatisfied on conservation

BY RUPERT CORNWELL

PARIS, Sept. 23.

DESPITE a sharp reduction in energy demand over the last two years, the International Energy Agency is far from satisfied by the conservation programmes introduced in most of its 18 member countries, representing almost the entire industrialised world except France.

The 1976 review of the Agency has just been published here, and sets out an 18-point list of measures which should—but frequently do not—form the backbone of national efforts to save energy.

This includes the pricing of energy at world market levels, steps to improve the thermal efficiency of buildings, concentration on the most economical transport systems in energy terms, and more effective publicity campaigns.

Not only does considerable potential still remain for cutting back energy demand, but the prospects for further aggressive measures seem "uncertain," the IEA drily notes. In most member states, the review observes, "the populace is sceptical that any energy problem exists."

From a detailed country-by-country assessment of achievements to date, only Norway. Denmark, the Netherlands and Japan come out with really high marks. The U.K. is in the middle of the field, efficient in terms of transport and public information, but with "low specific efficiencies" in industry, and an overall programme that could be improved considerably.

Switzerland is harshly criticise —"a programme that lacks almost all the measures thought important for a strong conservation initiative"—while the U.S., Canada and New Zealand are blamed for over-cheap pricing of energy.

In the U.S., which was the driving force behind the 20-month old Agency and by far the world's biggest energy importer, prices must rise closer to world market levels if conservation is to be taken seriously by both industry and consumers, the review writes.

Meanwhile the reduction in consumption since the energy explosion of 1973 can be guaged from the fact that total 1975 demand was 14.3 per cent. less than it might have been had requirements continued to grow at their pace between 1968 and 1973. The drop cannot merely be put down to an abnormally mild winter and economic recession.

Much evidence suggests that the use of energy can profitably be made much more efficient in IEA countries. The report comments that measures to achieve savings could well be more beneficial to growth and employment than programmes to expand supplies — contrary to the general belief.

Defence a priority in France's budget

BY RUPERT CORNWELL

PARIS, Sept. 23.

DEFENCE AND telecommunications will be the only two sectors to benefit from a real increase in outlays under the strictly balanced 1977 French state budget proposals which have just been made public here.

The draft budget, which is a central element in the anti-inflation programme unveiled yesterday by the Prime Minister, M. Raymond Barre, provides for total spending of Frs.333.3bn. (£39bn.), and overall receipts of Frs.334.1bn. If Frs.520m. of special "temporary" expenditure is taken into account, the outcome is a tiny symbolic surplus of Frs.250m. (£29m.).

The nominal increase in spending of 13.7 per cent. camouflages a number of cuts in key investment programmes. Much of the advance is due to outlays allocated in previous years, as well as to a sharp jump in debt servicing payments.

These arise from the substantial budget deficits of the last two years, financed by Treasury Bill issues: The 1975 budget showed a deficit of almost Frs. 40bn., while this year's is forecast at around Frs.16bn.

The priority given to military expenditure reflects the intention of President Giscard d'Estaing to strengthen France's conventional forces. At Frs. 58.4bn. (£6.9bn.), defence will absorb 17.5 per cent. of the 1977 budget, and it is planned that its share will rise to exactly one-fifth by 1980.

The extra money allocated to telecommunications comes in a supplement to the annual Post Office budget, dealing with the ambitious modernisation programme for the French telephone service. Credits for this purpose will rise to Frs.24.6bn. next year from Frs.18.3bn.

The loss of receipts arising from the cuts in value added tax announced yesterday will be broadly covered by the increase due in the cost of petrol, higher road tax and alcohol duty.

The entire structure of the budget rests on the assumption that France's gross domestic product will grow by a real 4.8 per cent. next year, only slightly less than the 5 per cent. expansion for 1976 predicted in April. Exports, at 9.3 per cent., are expected to rise more rapidly than imports (up 7.1 per. cent.) while inflation is put at 8 per cent.

The increase in the budget has been closely tailored to that of nominal GDP, forecast to advance by 13.2 per cent. Perhaps most important, the planners are counting on an increase of 3.1 per cent. in corporate investment, after declines in both 1975 and 1976.

● M. Barre's plan also contains as promised some cautious measures to improve the attractions of the Bourse and thus enable companies to strengthen their financial positions by expanding their equity base.

As an inducement to buy shares, it is planned that investors will receive an extra Frs.1,000 (£115) tax allowance on dividend income. This concession, however, will not apply to the highest income brackets, and goes only part of the way towards putting shares on an equally favourable tax footing with debentures.

For their part, companies will be allowed to set against taxable income all dividends paid on shares created by rights issues between 1977 and 1980 inclusive, over a period of five years. As a bait to secure more institutional interest in shares, pensions funds will enjoy more favourable treatment under the existing "avoir fiscal" tax credit on equities.

The corporate sector will also benefit from a more generous system of depreciation on equipment ordered and installed from 1977 onwards. The cut in the flow of tax revenue to the state will cost the Government some Frs.2.2bn. in 1978.

Finally, companies will be able to write certain assets up to their present true value for the purposes of their balance sheets. However, the financial community has been somewhat disappointed by the limited scope of this concession, since it specifically excludes plant, covering essentially property and portfolio holdings.

Spanish Minister sworn in

By Roger Matthews

MADRID, Sept. 23.

LT. GEN. MANUEL Gutierrez Mellado was sworn in as Deputy Prime Minister of Spain this morning to the accompaniment of warm applause from the more liberal elements of the national Press. Left-wing political leaders were cautiously optimistic in their reactions, the moderate centre was positively triumphant, and only those on the extreme right, who wish to see the institutions of the Franco era preserved, sounded a sour note.

Supporters of the deposed Deputy Premier, Lt. Gen. Fernando de Santiago claimed that he had, in fact, resigned and had not been sacked. He had taken this decision, it was said, because of his disagreement with the policies proposed by Prime Minister Adolfo Suarez.

Former Minister and fellow hardliner Sr. Gonzalo Fernandez de la Mora said the general had decided to leave because of his total opposition to schemes for dismantling the system of State-run trade unions.

There is some evidence to support this view. At last week's 10-hour Cabinet meeting, intense discussions failed to produce any agreement on the difficult question of trade union reform.

Whether Gen. de Santiago jumped or was pushed is of importance to the future relations between the country's senior military commanders and the King.

Irish banks are back to normal

BUSINESS finally returned to normal for the 900 commercial bank branches in the Irish Republic yesterday following a three month strike.

Normal working hours were being operated for the first time since a pay dispute by the Irish Bank Officials Association closed the banks on June 28, although the strike ended several weeks ago.

Since then the banks have opened only for a limited period each morning so that staff could cope with a vast backlog of business. That work has now been completed.

Last night all cheques written during the stoppage were formally debited from accounts.

Threat of violence in Portugal

By Paul Ellman

LISBON, Sept. 23.

THE threat of violence to-day continued to hang over the Portuguese Government's plan to begin evicting peasants next week from illegally occupied farmlands in the southern Alentejo region.

A daily newspaper published by revolutionary left-wing groups, Pagina Um, published a photograph of the Command regiment on its front page above a caption which asked: "Are these men going to attack the Alentejo?"

A further promise that troops will be used if necessary to back up the Government's eviction plan was understood to have been produced by the Revolutionary Council of the Armed Forces at a meeting last night.

The Communist Party, meanwhile, maintained its official silence on the Government's plan. The leadership is thought to be concerned at the prospect of its supporters in the Alentejo joining violent protests sponsored by the revolutionary Left.

Pop singers jailed in Czechoslovakia

By Paul Lendvai

VIENNA, Sept. 23.

IN SPITE of protests by prominent Czechoslovak and foreign intellectuals, four young pop musicians were sentenced to-day by a court in Prague to prison terms ranging from eight to 18 months.

They were charged with "anti-social behaviour, anarchism, decadence and rowdyism." The leader and founder of a popular pop group, Mr. Ivan Jirous, a 32-year-old art historian, received the highest sentence of 18 months. The text writer was sentenced to 12 months while a Protestant pastor and a former theology student received eight months. They formed together with 16 other young musicians and members of the Prague "cultural underground" years ago two popular pop groups, "the Plastic People of the Universe" and "DG307." They were all arrested in March this year. Three young workers were sentenced in July and seven more are awaiting trial.

Italy reduces balance of payments deficit

By Anthony Robinson

ROME, Sept. 23.

ACCORDING to provisional Bank of Italy calculations Italy had a payments surplus of L310bn. in August, which, taken together with the revised surplus of L923bn. in July, reduced the overall payments deficit over the first eight months of the year to L1,069bn. and permitted an increase in the net official reserves from L4,022bn. to L4,165bn.

However, with the seasonably favourable summer months now drawing to a close and the level of economic activity remaining at a higher level than originally expected, the situation is expected to deteriorate over the rest of the year.

The latest official GNP growth estimates, for example, were updated for the third time this year by Treasury Minister Gaetano Stammati at Brussels earlier this week. The Government now expects a GNP growth of between 4 and 4.5 per cent., and this is expected to be accompanied by inflation of 17 per cent. on an annual basis and an overall balance of payments deficit for the year of about $2.5bn.

AFTER THE DE VATHAIRE SCANDAL

The French Left eyes Dassault

BY RUPERT CORNWELL IN PARIS

IF FRENCH scandals of the past are anything to go by, the strange adventures of M. Hervé de Vathaire, the Jekyll-and-Hyde chief accountant of a number of companies owned by M. Marcel Dassault, will remain largely a mystery. Public interest is already flagging. The man himself is closeted with examining magistrates seeking the true circumstances of the disappearance of the Frs.8m. (£900,000) withdrawn from a Paris bank with bewildering ease in two suitcases.

The curious tale has however been more than enough to focus public attention onto the man who employed M. de Vathaire—M. Marcel Dassault himself. At 84, he has become a myth. Rarely interviewed, his achievements have entered 20th century French folklore. Aircraft designer extraordinary, Press and property magnate, a Gaullist MP who almost never speaks in the assembly, M. Dassault is one of the last of a dying breed of French capitalists who built up an empire on their own and who have succeeded in keeping it safe from excessive public scrutiny. But the de Vathaire episode has raised doubts as to the great man's infallibility—and at the same time given new topicality to the ever simmering argument whether the State should not take direct control of the centrepiece of his group, the aerospace company that above all manufactures the celebrated Mirage family of jets.

It is simplest to start with the facts, so often overlooked in any discussion of Dassault. His best-known interests, in roughly ascending importance are as follows: Chateau Dassault, an esteemed St. Emilion growth, Jours de France, a Tatleresque picture magazine of which M. Dassault is editor, two property companies (with which M. de Vathaire worked closely), an electronic company, Electronique Marcel Dassault, and the crowning glory, Avions Marcel Dassault-Breguet aviation.

In each of them Dassault holds majority control, and although his personal wealth has never been computed, it is guessed that he is one of the richest men in France. Much of his fortune flows from the aerospace company, which reported a profit of Frs.104m. (£12.5m.) in 1975, on sales of Frs.4.3bn. (£500m.), and which had orders of Frs.6bn. in hand at the start of the year. Some 1,800 Mirages have now been sold to 28 countries, and at the beginning of 1976 a further 67 of the three most widely bought Mirages, the III. V, and the F-I interceptor were on order. Since then other buyers have been mentioned, most notably Iraq which this month was reported close to placing a contract for 60 to 80 F-Is.

Then there is the civil side. Though only ten short haul Mercures have been sold (to the French domestic carrier Air Inter) some 460 of the immensely successful Falcon 10 and 20 business jets have found customers. Not to be forgotten either is the possibility of a stretched version of the Mercure, the 200, to be built in conjunction with McDonnell-Douglas of the U.S. and Aerospatiale, the State-owned French group responsible for the Concorde, Airbus and the ageing Caravelle.

Marcel Dassault was born in 1892 of Jewish parents. Early this century he was one of the first graduates of the Ecole nationale superieure de l'aeronautique, set up in the first flush of romantic enthusiasm for men like Louis Bleriot in their flying machines. Since then he has been designing aircraft.

Before the last war there were projects like the Bloch bomber, and Marcel Bloch, as he then was called until World War Two, made enough of a reputation to have the Nazis seeking to enlist his help. He refused, and as a result spent three years in Buchenwald prison camp. Liberated in 1945, he and the small team around him produced a remarkable series of military aircraft: the Ouragan, then the Mystere, and finally the Mirage family.

The secret seems to lie in the judicious blend of youth and experience among his research units and an iron rule never to build an entirely new aircraft. Each leans heavily on its predecessor—with no better example than the deltawing Mirage 2000, derived from the Mirage III, but which will equip the French airforce in the 1980s. Thus has Dassault managed to keep up with U.S. manufacturers like McDonnell, several times it size (it employs only 15,000).

All the while the Dassault legend has steadily grown. He rarely flies himself (though the belief that he has only been in an aircraft twice in his life is wrong), and even more rarely appears in public. When he does it is in a familiar attire, which hardly seems to change with the temperature: thick black-rimmed glasses, a soft hat, a dark overcoat and a carefully tied silk scarf. He is widely held to be a major financier to the Gaullist party: one of the most sensational, but in fact innocuous, allegations to have surfaced with the de Vathaire case was that he provided money for a local newspaper close to the ex-Prime Minister M. Jacques Chirac. A TV appearance to give his version of his accountant's behaviour served only to re-inforce his reputation. Lucid and pungent, Dassault astonished the millions of viewers by professing indifference to the loss of Frs.8m., and by confirming that he had dropped legal action against his former employee at the request of de Vathaire's family. "I'm just a poor victim, that's all."

Were that all, the man would probably be held simply in chauvinistic affection by his compatriots. But as Le Point magazine astutely remarked, there are two images of Marcel Dassault in the public mind. The first is of an eccentric genius, beating the Americans at their own game and helping both French exports and French diplomacy.

Marcel Dassault against a background of Mirages.

The other is less flattering: of Dassault the multi-millionaire and arms manufacturer, the mysterious backstage figure linked intimately with Government and state. If there is absolutely no suggestion that documents in the secret file amased by de Vathaire are connected with Lockheed-style pay-offs, Le Point did claim that they contained evidence of tax evasion with the complicity of senior officials. Dassault at once—and with great good nature—denied the allegation, and repeated that he would explain himself at an appropriate moment. But in France's present changed political atmosphere the Left has seized on the affaire as further argument for an immediate nationalisation.

The chances are that Dassault would be the most popular of all the 12 names on the list of industrial groups down for take-over should Socialists and Communists win. The view is widespread that a company that lives largely off state orders, and whose activities are so bound up with France's overall interests should not be left to the whims of a single private industrialist, however remarkable.

Then there are the rivalries and jealousies inherent in Dassault's relationship with Aerospatiale, whose fortunes have floundered as the former has prospered. Is it right, it is asked, that a State-owned company should be largely a sub-contractor to a smaller private group? Can France afford the luxury of two competing areospace groups? One reason why the projected Mercure-200 has aroused such union hostility in France is that it would cut into the potential market of the Airbus, on which the future of Aerospatiale's civil aviation division largely depends.

Dassault too might not be quite the force it was. The high-point, in retrospect, may have been the role played by the Mirage III in Israel's lightning triumph in the Six Day War. Since then sales have remained abundant, but the sheer industrial weight of the U.S. companies is increasingly evident. The F-1 failed to win the Nato "arms deal of the century" in 1975.

But the arguments to the contrary are equally strong. The company is a remarkable piece of industrial chemistry: the clumsy imposition of a new system might prove fatal, and bequeath to the Government just another lame duck. The ideal, obviously, would be to achieve the balance that exists at Renault, where state control in no way interferes with the day-to-day running of what is acknowledged to be one of Europe's most flourishing car groups. In any case, it is often remarked, why bother when the state in practice always has the last word (we are in France after all)? In the end the argument will probably be settled politically. If the Left wins, Dassault will be nationalised. If not, then matters will doubtless continue as now, until the final disappearance of a frail but incisive 84-year-old, who has become larger than life—and a curious emblem of the liberal technocracy which to-day runs France.

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AMERICAN NEWS

Canada admits initiating uranium marketing talks

JAMES SCOTT TORONTO, Sept. 23.

CANADIAN Government knowledged that it initiated alks with other uranium cing countries which led to formal marketing arrange- among non-U.S. producers. rangement that the U.S. e Department alleges ed in market rigging and fixing.

dmitting that it started the in 1972, the Government said it has approved a ition under the Atomic y Control Act to block the al from Canada of informa- on uranium marketing activities being sought by U.S. authorities.

Explaining the Canadian Government's position, Energy Minister Alastair Gillespie said that during the early 1970s the Government tried to elicit support for the uranium industry which was suffering from an oversupply and low prices. Mr. Gillespie said the problems were compounded by U.S. policies that closed the large U.S. market to foreign produced uranium and at the same time moved uranium from the U.S. Government's stockpile into the international market through conditions imposed on foreign users of U.S. uranium enrichment facilities. At the same time, U.S. companies were competing aggressively for sales outside their protected domestic market.

Mr. Gillespie said that lacking support from consuming nations to buy Canadian uranium and convinced that a viable nucleus of the producing industry was essential in the light of projected future uranium demand, the Canadian Government decided to begin talks with other producing countries. Any actions taken by were taken with the approval of the Canadian uranium producers and in some cases at the specific request of the Canadian Government. The arrangement excluded the U.S. market, however.

The Government supported the programme by directing the Atomic Energy Control Board to reject any export of uranium at prices below those called for by the cartel. Mr. Gillespie said the Government withdrew all minimum price directives in early 1975 because prices had risen sharply.

He said the Canadian material called for by the U.S. Justice Department in subpoenas to the presidents of the two largest Canadian uranium producers contains information in respect of activities approved and supported by the Canadian Government and clearly "this must be regarded as an issue of sovereignty. The Government, therefore, has moved to prevent the removal of such documents from Canada."

Unemployment 'will rise'

VICTOR MACKIE OTTAWA, Sept. 23.

UNEMPLOYMENT and inflation in Canada will remain Government target levels 1977, the Conference Board cted in a mildly optimistic erly report issued here.

board forecasts real h of the economy of 5 per for 1976, which is in line Finance Minister Donald onald's predictions. But the te economic research group indications for real growth 77 are for only 4.5 per cent., below normal for this stage economic recovery.

also said unemployment will ase gradually reaching a of 7.5 per cent. in 1977. The unemployment rate last month was 7.2 per cent. Mr. Macdonald in his May budget aimed at a declining unemployment rate over the year 1977.

The Conference Board also predicts an inflation rate of about 7 per cent. next year following a rate of 8 per cent. for 1976. The Finance Minister had hoped for an inflation rate of 8 per cent. this year, dropping to 6 per cent. next year.

● Prime Minister Pierre Trudeau got off to a bad start this week on his five-day tour of Prince Edward Island and New Brunswick, encountering complaints, hostility and criticism.

NYSE to consider audit panel plan

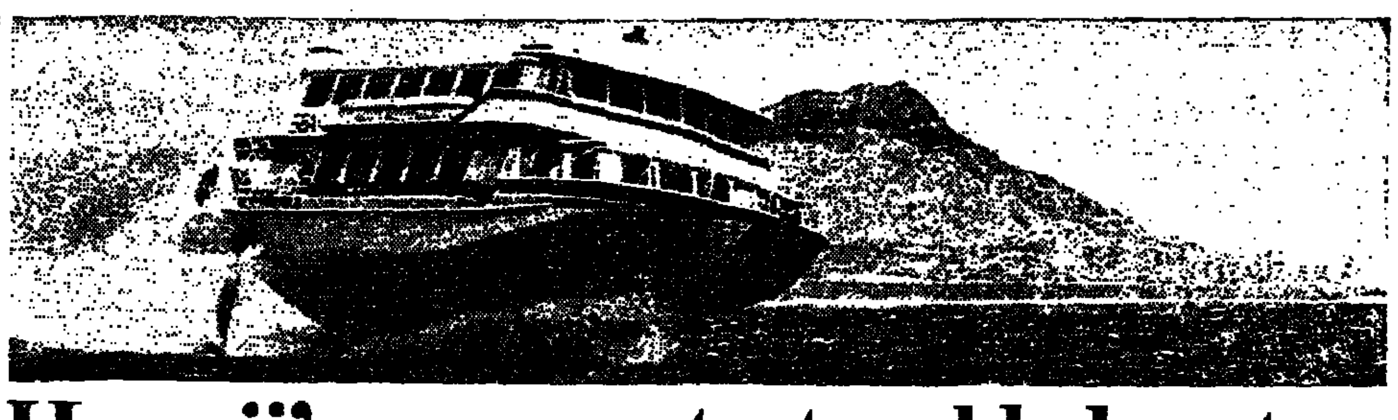
NEW YORK, Sept. 23

A NEW YORK stock exchange proposal making it mandatory for each listed company to have an audit committee dominated by outside directors will go to the Exchange Board for ratification on October 7 in essentially the same form as it was set forth three weeks ago, Big Board sources disclosed.

The only change in the plan may be an extension of the previously proposed December 31, 1977, deadline, which might be extended by six months or a year to facilitate compliance by the some 750 of the Big Board's 1,580 listed companies that currently do not have such audit committees.

The stiffest part of the poposal—and the item that caused Exchange leades some apprehension—was a proviso that the audit commitee requirement would be made a condition of listing and continued listing. This means that the Big Board could suspend trading in the shares of non-complying companies and ask the Securities an dExchange Commission to delist them.

However, after having received comments on the plan in recent weeks from about 60 per cent. of its listed companies, the Exchange has decided to send the proposal through for final Board ratification practically intact.
AP-DJ



Hawaii's answer to troubled waters

BY TONY BARTLETT IN HONOLULU

A NEW FORM of fast sea transportation—the Boeing 929 Jetfoil (above)—was introduced between the Hawaiian Islands in June, 1975.

Hawaii had been without sea surface transportation since the late 1940s, when sometimes rough ferry rides become economically unfeasible with the growth of inter-island air traffic.

Many sceptics believed that the new transportation would not make it because of the stormy channels between the islands. But after a number of initial mechanical problems—which kept the vessels out of the water much of the time—the service has proved it is here to stay, and has been well received by pasengers.

The vessels, driven by jet turbines and computer stabilised, average 45 knots. They each ride on two 15-foot struts. In rough weather, water does hit the hull, but the Jetfoil provides a relatively smooth ride, similar to that of an aircraft.

The Hawaii operation, called SeaFlite, is run by Pacific Sea Transportation, a subsidiary of Kentron Hawaii, which is itself a subsidiary of the giant LTV Corporation of Dallas, Texas.

There are five Boeing 929 Jetfoils in existence, three in Hawaii and two in Hong Kong, and they have all had mechanical difficulties. Unlike the 250-seat Hong Kong-Macao Boeing commuter vessels, Hawaii's Jetfoils, each with 190 seats, look to tourists for their main market.

Two more machines have now been sold to Venezuela for a service between Puerto La Cruz and the island of Marguarita, and another is to undertake a six week trial on the western American seaboard between Seattle and British Colombia.

The jetfoils have been strongly promoted by Boeing for a possible cross-Channel ferry between London and Brussels, but so far no organisation has agreed to set up such a service.

The SeaFlite service represents an investment of nearly $24m. so far. The three vessels—Kamehameha, Kuhio and Kalakaua, named after Haiwaiian royalty—each cost $4.8m.

In its first year of service, it carried 150,000 passengers (compared with more than 2m. for the two air carriers). SeaFlite had projected for 250,000. Pacific Sea Transportation president Bud Cooper says the service lost $1.8m. in its first year; it had expected to lose only $1m. Cooper attributes the larger loss than expected to the mechanical difficulties, is optimistic, however, and expects SeaFlite to break even with a small profit next year, now that the troubles have more or less been ironed out.

There were two major mechanical dificulties: a problem in design of the intake vent, through which water is sucked to be used to propel the vessel, but which gulped in air when the vessel momentarily came out of the water. This automatically cut off the motor. Also, the vessels went through about 20 gear boxes, each designed to last 20 years.

Boeing sent design teams over and picked up the bill for the costly repairs. The vessels also had modifications made last January to provide for a smoother ride in rough weather.

Last autumn, 30 per cent. of SeaFlite scheduled journeys did not run, and in January it cut back its services to provide one back-up vessel. In recent months, reliability has been 98 to 99 per cent.

Of the passengers, 40 per cent. have been residents and 60 per cent. tourists, but Mr. Cooper expects the tourist percentage to increase to 70 per cent. He does not believe that SeaFlite has eaten into the inter-island air market in any significant way, and that, if anything, it is complimentary—many tour packages include SeaFlite and air transportation together.

With the disadvantage of a longer journey time than the air carriers, however, SeaFlite has been developing ways to keep passengers happy.

The U.S. Presidential Election

Face to face at last

By Jurek Martin, U.S. Editor

WASHINGTON, Sept. 23.

THE STAKES in to-night's first Presidential debate between Gerald Ford and Jimmy Carter could not be higher. In an election year when issues have taken second place to the public perception of the character and trustworthiness of the candidates, both men have an opportunity to make their mark on the watching country.

t, in the opinion of many political exports, the odds in the debate have changed markedly in the course of the last three weeks. At the start of the month it was generally thought that Mr. Carter was so far ahead of Mr. Ford that he had to do little more than hold his own in order to consolidate his lead. The debates, indeed, were seen as President Ford's last chance of pulling off a miracle.

e Carter campaign, however, seems to have been misfiring of late. President Ford has done little more than sit in the White House and sign (in front of television cameras) an assortment of Bills that cross his desk. It is doubtful that he has created much of a positive impression.

t Mr. Carter may have achieved the reverse—that of turning people off him. Some unguarded comments about tax reform, a very candid interview, replete with some earthy language, on sex and morality with Playboy magazine, some indecision on what he would do about Mr. Clarence Kelley, head of the FBI, have combined to make Mr. Carter's character and judgment, rather than the Republican administration's record and Mr. Ford's own competence, the national talking point.

e Ford campaign is making no bones of the fact that it is going to concentrate most of its available resources in ten big States. Mr. Ford is going to spend this week-end campaigning in Mr. Carter's heartland of the Deep South, but unless there is dramatic evidence of the erosion of Mr. Carter's support there, he may not return before November.

r. Carter, therefore, may have to do more than merely hold his own this evening. He remains a shadowy figure to much of the nation and is now under pressure to demonstrate his competence and capacity to lead the nation and give it direction. He may need to be more hard-edged than he would have preferred.

r. Ford is not without his problems. He has never received particularly high marks for competence while President and, armed with facts and figures, he will need to show to-night that he has a good grasp of how to run a government.

arring some awful mistake by one or the other, both sides will undoubtedly to-morrow morning claim either "victory" or at the least "satisfaction." The media will then endlessly analyse what went on and probably reach equally inconclusive conclusions.

Consumer confidence reported low in U.S.

NEW YORK, Sept. 23.

THE U.S. consumer has become cautious about the economy and this is reflected by a lack of any significant shift in buying plans since June, the latest Conference Board survey says.

The survey, which covers 10,000 families across the U.S., shows that consumers are neither more nor less optimistic than they were in June about current business conditions.

The Conference Board's consumer confidence index held at 86.8 in August, virtually unchanged since June. The buying plans index was 106, also unchanged since the last survey.

The survey says that about 23 per cent. of those surveyed in August said current business conditions are good against 24 per cent in June. Some 17 per cent. said business conditions are bad, against 18 per cent. in the earlier survey.
Reuter

Payments revealed

Richardson-Merrell Inc. during the five fiscal years ended last June 30, made questionable foreign payments totalling $1.24m., according to proxy material issued by the Pharmaceutical Company for its Oct. 19 annual meeting in Willmington, Delaware, AP-DJ reports. The payments included $405,000 in commissions paid to public employees in foreign companies in connection with sales, the material said.

Argentine loan

The World Bank has approved a $115m. loan to Argentina for electric power facilities in the Buenos Aires region, AP-DJ reports from Washington.

Police station blast

Guerillas tossed a hand grenade into the rear of a Buenos Aires police station yesterday, wounding an undetermined number of police and prisoners in detention cells, according to police sources, UPI reports from Buenos Aires.

Ford meets demand

Ford Motor Company of Canada will be able to meet anticipated demand for its 1977 model cars and trucks at least until the end of October, despite production problems caused by the United Auto Workers Union strike against its U.S. parent, a company spokesman said in Oakville, Ontario, Reuter reports.

Indian investigation

The Brazilian Government is investigating reports that a remote Amazon tribe is killing its own children as a last desperate reaction to the white man's encroachment on its land, Reuter reports from Rio de Janeiro.

Jamaica emergency

The Jamaican Government has tacitly acknowledged that members of the security forces may have overstepped their powers of questioning, arrest and detention under the island's state of emergency, Reuter reports from Kingston. The acknowledgment came after a parliamentary debate in which Opposition spokesman Roy McNeil of the Jamaica Labour Party said that the tremendous powers given to the security forces were being misused. The Government accepted a motion from Mr. Robert Lightbourne, leader of the small opposition United Party, that "some of the security forces be cautioned against abusing their powers."

Crime statistics

All serious crime in the U.S. is on the wane apart from theft which has jumped by 11 per cent. in six months, according to the Federal Bureau of Investigation, Reuter reports from Washington.

OVERSEAS NEWS

President Sarkis declares unity of Lebanon is sacred

BY IHSAN HIJAZI BEIRUT, Sept. 23.

MR. ELIAS Sarkis was to-day inaugurated as Lebanon's new President, replacing outgoing President Suleiman Franjieh.

The inauguration ceremony was held by the country's unicameral parliament at an hotel at Shtoura in the Bekaa Valley some 22 miles east of here. Of the 98 members of the legislature 67 attended.

As soon as the new 54-year-old President delivered the inauguration address and took the oath of office, gunmen in both the Christian and Moslem quarters of Beirut fired their machine guns in the air to herald the end of one regime and the beginning of another.

In his 35-minute speech, Mr. Sarkis expressed the hope that he will give the country a "new beginning" and promised to do all within his power "to build the Lebanon of the future." He said that this will have to be done in stages, and emphasised that the reconstruction could not be done without an end to the fighting and the civil war which has been going on for the past year and a half.

He outlined what he described as the "broad lines" of a programme for his six-year term. He said the unity of Lebanon and its people "is sacred" but that everything else could be developed and changed.

He said Lebanon had been living in a state of stagnation and that the time had come for developing the system within the framework of parliamentary democracy.

He said he was a believer in private enterprise but that a more adequate and balanced relationship between capital and labour must be developed. He said he will be applying government guidance in certain asyects of the economy when this is necessary.

Mr. Sarkis said the presence of the Palestinian guerilla movement in Lebanon will in future be subject to Lebanese sovereignty on the basis of existing pacts, which was an allusion to the "Cairo agreement" which the Lebanese authorities concluded with the Palestine Liberation Organisation seven years ago. The accord regulated the commando presence here.

Mr. Sarkis paid a special tribute to the role Syria has been playing in Lebanon. He did not ask for withdrawal of Syrian forces, but declared that their presence here will be subject to the "Lebanese constitutional authorities."

Observers noted that the remark confirmed recent speculations that Mr. Sarkis intends to work the Syrian military presence in Lebanon within the framework of a "mutual security accord" which would regard Syrian troops as being on loan to the Lebanese Government and under orders from a new army command the new President intends to appoint soon.

Mr. Sarkis promised to reunify the dispersed Lebanese army and police force so they may take charge of internal security and protect the country against external aggression.

Informed sources believe Mr. Sarkis faces two immediate challenges: the formation of a new cabinet and dealing with the issue of law and order. Speculation already had it that he intends to form a cabinet of technocrats and to ask Parliament for powers to rule by decree for six months.

He is scheduled to hold another meeting with PLO chairman Yasir Arafat and Syrian officials to-morrow to continue the discussions on ending the fighting.

Sadat's offer of weapons

BEIRUT, Sept. 21.

A BEIRUT newspaper to-day quoted Egyptian President Anwar Sadat as saying he was ready to put his country's most modern weapons at the disposal of new Lebanese President Elias Sarkis to help end the civil war in Lebanon.

Egypt was also prepared to attend any Arab summit anywhere "for Lebanon's sake" and guarantee the survival of the Palestine commando movement, he told the independent Beirut newspaper Al-Nahar.

Meanwhile in Cairo a scheduled meeting between President Sadat and Syrian President Hafez Assad was postponed at Egypt's request, Arab diplomatic sources said today.

It was delayed after Egypt said any meeting should wait until after the swearing-in of Lebanon's new President, Mr. Elias Sarkis. Reuter

400 blacks arrested in central Jo'burg

By Graham Hatton

JOHANNESBURG, Sept. 23.

BUSINESS ground to a halt and shops closed in the centre of Johannesburg this morning as police confronted hundreds of black youths demonstrating in the central city area. Police said about 400 Africans were arrested.

Petrol bombs and stones were thrown and isolated shooting and stabbing incidents were reported before riot squad police dispersed the mobs. Police were involved in a massive mopping-up operation. After hundreds of arrests the central city returned to normal.

Whole areas of the city were sealed off by police and crowds of pedestrians were forced to flee in the wake of the mob of between 200 and 300 marchers. The marchers were confronted and dispersed by a large and heavily armed contingent of police.

Later, police swept through the city checking blacks' reference books and arrested large numbers of youths. Many uninvolved black onlookers complained that they had been searched by police.

Six whites were taken to the Johannesburg General Hospital with stab wounds. They had been involved in scuffles with black youths at the height of the demonstrations.

Three children two aged about 16 and one about 12 were arrested in Jeppe Street after a petrol bomb was thrown into the first floor of the Carnival Novelty building. Fire engines and riot squads rushed there but little damage was done to goods.

Meanwhile reports of police opening fire in a clash with a mob of 500 students at Mzimhlope station in Soweto early to-day have been confirmed by Major-General D. J. Kriel, deputy commissioner in charge of riot control.

In another police-rioter confrontation at about 9 a.m. a few shots were fired on the main Soweto road to scare a gang of children who were trying to hi-jack a Putco bus. Several people were seriously injured in the incident according to one report.

Thai Prime Minister resigns

BY RICHARD NATIONS BANGKOK, Sept. 23.

THE THAI Prime Minister Seni Pramoj shocked the country today with an unexpected resignation which ends a five-month coalition enjoying one of the most stable parliamentary majorities in Thai history.

The four-party coalition may be able to form a new Government with a new Prime Minister. But observers here fear the Prime Minister's move may plunge the country into political crisis which will end only with the break-up of the ruling Democrat Party and a thorough political realignment in Parliament, or, possibly, a military coup.

Prime Minister Seni resigned this afternoon following criticism in Parliament from Deputies of his own Democrat Party over his handling of the return of former military dictator Thanom Kittikachorn.

Field Marshal Thanom — who was driven from the country by unprecedented mass demonstrations in October 1973—returned from his Singapore exile on Sunday to enter the Buddhist priesthood to make merit for his ailing 91-year-old father.

The Cabinet decision to allow Thanom to remain in the country "until he has fulfilled obligations to his father" did not satisfy Left-wing Democrat demands that he be deported immediately.

The Prime Minister told reporters that he made his decision "on the spot" and that it is irreversible. But observers here view his move as the outcome of long accumulating frustrations stemming from the contradictions within the Democrat Party itself.

Thanom's return has simply focused the ceaseless antagonisms between the Left and Right factions of the ruling party which have paralysed Government policy since the Democrats came to power five months ago.

The Right, both in the Democrats and other coalition parties, sees good relations with the military as the only buttress against the radical pressures of a student-worker alliance on an elected Parliament. The Right is inclined, therefore, to treat former military leaders with propriety, particularly when wearing the monk's saffron robes. The Left wants returning dictators deported forthwith.

Prime Minister Seni alone was able to hold the contending power blocs in his party in balance, and observers here see no one else acceptable to the warring factions. Thus not only is the premiership likely to slip from the Democrats but the party itself may break up, provoking a general realignment in Parliament.

Observers doubt the country could take another general election without seriously eroding Parliament's credibility. The military, however, divided and weak as it is, may then prove the stronger force politically in a struggle for power.

Strikes hit Ethiopia

ADDIS ABABA, Sept. 23.

STRIKES HIT a number of *State-controlled organisations* in Ethiopia to-day, including nationalised banks, insurance companies and supermarkets.

The stoppages, apparently in protest against the policies of the military Government, were staged in spite of warnings that security forces would take action against anyone instigating or joining strikes against the country's two-year-old Socialist revolution.

There has been no official word on action taken against the strikers, although informed sources said there have been a number of arrests recently in some strike movements. Reuter

Philippines vote attacked

MANILA, Sept. 23.

A GROUP of Roman Catholic bishops in hte Philippines to-day attacked a forthcoming referendum on martial law as a "vicious farce" and "mockery" of the people's dignity.

A statement signed by 13 of the country's 80 bishops said the martial law imposed by President Ferdinand Marcos four years ago was based on coercion and fear, institutionalised deception and manipulation.

Referring to a referendum next month when the people will be asked whether they want martial law to continue, the bishops said: "We believe any referendum held under these oppressive *circumstances cannot but be a* vicious farce . . . a most unconscionable mackery, too, of our people's dignity. Reuter

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PROBLEMS FACING NAURU

The world's richest country

BY DAVID LASCELLES, RECENTLY IN NAURU

TO REACH the richest country in the world, you don't set out for the Middle East, but for the South Pacific, to a tiny speck just south of the Equator called Nauru. Only 8.2 square miles in size, the whole of this island state can be seen from the air as the plane comes in to land. It looks like an upturned soup dish, the raised part brown and pitted, and the rim lush green, ringed by a coral beach. The blue South Pacific stretches for thousands of miles in all directions, the nearest piece of land being Ocean Island 200 miles to the east. But that too, is only a speck in the middle of nowhere.

Nauru is so small that the plane lands in what is best described as the capital's main street. The seaward side of the runway (which has traffic lights at each end to stop cars when planes are landing) is lined by government offices, the secondary school and the bus depot, and the inland side by the airport terminal and some commercial buildings. The tiny terminal is invariably thronged with well-fed and brightly attired Nauruans with their smart cars. New arrivals are whisked off in Japanese minibuses for the ten minute drive half way round the island to the only hotel, the luxurious Menen. The well-paved road passes rows of neat, modern houses, set among the trees, all with some form of transport parked outside.

An idyllic picture. And with per capita GNP now running at $22,500 (compared with $12,000 for Kuwait), the island's 6,000 inhabitants (2,000 of whom are not Nauruans) would seem to have little to worry about. A trip up the island's central hump tells a slightly different story.

The hump is Nauru's wealth—a near solid mound of phosphate round which the island's entire economy revolves, and without which Nauru, remote, short of water, and uncultivable except for the narrow coastal strip, would be one of the world's most wretched islands instead of its richest.

When Nauru became independent from Britain in 1968, it took over the mining of the phosphate from the British Phosphate Commissioners. About 40m. tons of the original 100m. tons of deposits were left. Since then it has extracted another 10m. tons, which leaves enough for another 20-25 years. The exact prospects are hard to calculate because of the sharp ups and downs of the phosphate market. In good years, Nauru exports 2m. tons, in bad only 500,000 tons, at a price recently of some $A40 a ton.

> The country's entire economy revolves around a near solid mound of phosphate without which Nauro would be one of the world's most wretched islands.

Half these revenues go straight to the Government, enabling it to finance a seemingly complete welfare state, administered to a great extent by imported and well-paid Britons and Australians. All Nauruans are entitled to a state-supplied house at nominal rent. And if they contract an illness which the two local hospitals cannot handle, they are flown for treatment in Australia, all at state expense.

Another large chunk of the revenues goes into a trust fund set up to ensure the islanders' future well-being. And 5-10 per cent. goes in royalties to those Nauruans who own phosphate land. Although this means that wealth is unevenly distributed among the population, the closeness of family ties *ensures that* all get their share.

In a good year, these royalties work out at nearly £1,500 per head, which, bearing in mind that state services are extensive and virtually free, is mostly pocket money. Cheerful and easy-going Polynesians that they are, the Nauruans tend to spend it on the good things in life, particularly eating. The South Pacific prizes chubbiness (as the better publicised Tongan Islnaders testify), and few Nauruans lack good *reason for much self-respect* in this regard. A Nauruan occupying two chairs at once is a common sight. But apart from a 12-mile round-the-island trip in a fast car ending up at the Menen for a meal, there is a limit to how the Nauruan can get rid of his money. He can buy stacks of consumer goods, but the Government encourages him to invest it abroad instead.

There is also a limit on what Nauruans can do. Few are *directly involved with the phos*phate mining since the work is mostly done by migrants from neighbouring Melanesian and Micronesian islands. Commerce is run mainly by Chinese, and much of the administration by Europeans and Australians. Not that the Nauruan has become restless or dissolute; but he would make an interesting sociological study.

The force behind Nauru is its 54-year-old President Hammer DeRoburt who has led the country in one post or another since 1955 in colonial days. Though a confident-looking figure, who clearly enjoys his role as leader of one of the world's quaintest states, he shuns the foreign Press, perhaps be*cause Nauru is a country that* can easily be made fun of. Those who know him describe him as a vigorous and imaginative leader, who faces no serious internal challenges. Characteristically, he has kept Nauru out of both the UN and the Commonwealth. In fact, the island's only conspicuous link with another country is its currency, the Australian dollar. But recently Mr. DeRoburt has begun to show a growing interest in fostering regional co-operation among the South Pacific's many microstates.

One of his worries is what to do about the centre of the island which after nearly 80 years of mining looks like a giant's bone yard, with acres of yellowing coral rock picked clean by the excavators. One small patch has been reclaimed for a football pitch by NASA (the Nauru Amateur Sports Association). But there are as yet no practicable plans to make good the devastation which will shortly have engulfed three-quarters of the whole island.

His most important task, though, is to secure the country's future once the phosphate runs out. And though there are plenty of ideas around, there is also concern about the way the revenues are being handled. The trust fund is now worth $A160m. *(£115m.). But this investment is* scarcely holding its own against inflation. Some of the money is also being ploughed into real estate, mainly in Australia, where Nauru now owns a large part of downtown Melbourne.

To diversify commercial interests, Mr. DeRoburt started up Air Nauru, a stylish little airline with four jets which ply the Pacific from Hong Kong to Fiji. But though this has made Nauru a useful staging point for trans-Pacific travellers, the airline is losing money.

Similarly, the steamship company Nauru Pacific Line, has yet to pay its way, though its services are indispensable to an island which has to import everything, including water. But with *even tourism out of the question,* since only a tiny stretch of beach is actually useable, the alternatives to phosphate are not very obvious. Not surprisingly, therefore, it has been seriously suggested that once the phosphate runs out, Nauruans should all pack their bags and leave for their estates in Australia.

WORLD TRADE NEWS

WORLD CAR MARKETS

Imports up 58% in Britain

BY TERRY DODSWORTH

THE HARMFUL impact of devaluation on the price of products bought overseas is beginning to work through into the statistics for U.K. motor industry imports, which surged up last month to register a 62 per cent. increase on last year.

In the context of the present agitation for some form of import controls on imported cars, the figures will come as a blow to the Government. They show that car imports last month shot up in volume by 58 per cent. in August last year—from £40m. to £63m.—and that during the first eight months of the year they have gone up by 52 per cent. to £529m.

Because of the continued buoyancy of car imports Britain has now fallen into deficit in its car trading business. So far this year exports have increased by only 28 per cent. to £432m., and at £49m. last month they were lagging behind imports by £14m.

Imports of components have also shot up this year registering an 80 per cent. increase last month and a 34 per cent. rise on the cumulative eight months' total.

Much of the increase is apparently due to Chrysler's decision to assemble the Alpine model from French-made parts, and the Government can expect a similar surge when Ford begins assembling the Fiesta using many components from the rest of Europe.

The hope over the long term, however, is that these imports will be balanced by complementary exports to the Continent — Ford claims to be exporting more parts of the Fiesta than it will be importing. Last month component exports rose by 41 per cent. to £101m.

The commercial vehicle figures illustrate the gradual increase in the market penetration of imports this year. Last month light van imports rose by 50 per cent. to £1.8m., and heavier vehicles by 41 per cent. to £6.5m. But these were balanced by a 50 per cent. increase in light commercial vehicle exports to £14m. and a 13 per cent. rise in heavy vehicles sales overseas to £32m. Exports as a whole were 31 per cent. up last month, against a rise in imports of 62 per cent.

The motor industry is not unduly alarmed about this imbalance in August, because exports are usually slack at the end of the summer. But there is some cause for concern that over the eight month period exports have gone up by only 27 per cent. (to £2.2bn.) against an increase in imports of 39 per cent. (to £998m.).

U.K. MOTOR INDUSTRY SALES

	August 1976	August 1975	% change	8 months ended August 1976	1975	% change
Value of exports in £m. (fob)						
Cars	48.6	35.5	+37%	432.2	338.6	+28%
CV's up to 3 tons	13.5	9.0	+50%	103.5	74.0	+40%
Other CV's	31.5	27.9	+13%	273.3	209.7	+30%
Components	100.6	71.1	+41%	956.3	739.0	+29%
Other Motor Products	44.3	38.3	+16%	386.6	337.9	+14%
ALL MOTOR PRODUCTS	238.5	181.8	+31%	2,152.0	1,699.2	+27%
Value of imports in £m. (cif)						
Cars	62.7	39.8	+58%	528.5	348.3	+52%
CV's up to 3 tons	1.8	1.2	+50%	15.4	9.9	+55%
Other CV's	6.5	4.6	+41%	55.5	52.1	+ 6%
Components	40.9	22.7	+80%	330.9	246.4	+34%
Other Motor Products	8.8	6.4	+38%	68.2	62.5	+ 9%
ALL MOTOR PRODUCTS	120.7	74.7	+62%	998.0	719.0	+39%
TRADE BALANCE	117.8	107.1	+10%	1,154.0	980.0	+18%

Australian sales fall sharply

BY KENNETH RANDALL CANBERRA, Sept. 23.

CARS IMPORTS from Japan fell by 4 per cent. last month and overall sales throughout Australia continued to fall sharply. New car registrations in August were down by nearly 9 per cent. from July to 45,631. In seasonally adjusted terms, they have fallen from 55,664 in June to 43,286 last month—the lowest figure since last November.

The drop in sales is most marked in New South Wales which is suffering some of the worst effects of the present economic conditions, particularly unemployment. But the industry can find little explanation for the slump except the price rises from July 1 caused by new emission control requirements, and the general lack of confidence in the community.

Japanese exporters appear to have reacted quickest to the depressed market, which first showed up in July, cutting back from 8,064 in June to 7,502 in July and 7,176 last month. They are also being cautious, however, because of the import quotas still in force.

Imports last month from all other major suppliers increased, to give total imports of 8,018—a 2 per cent. increase over July. Imports from West Germany, Sweden and Britain were all up significantly compared with July.

Car industry sources say the present appearance of the market and, to some extent, the state of the import figures, is exaggerated by special factors, especially the accelerated rate of activity before the emission controls came into force.

They say that samplings of this month's sales results suggest a healthy recovery, although the official statistics to bear this out will not be available until late October.

Renault plans to sell trucks in Germany

COLOGNE, Sept. 23.

RENAULT AG said it will form a 100 per cent. unit Renault Saviem-Nutzfahrzeug at the start of next year to sell light and medium-sized imported trucks in the three- to 7.5-tonne range under its own name for the first time in Germany.

A Renault spokesman said the new company's capital has not yet been fixed and he declined to detail target sales figures.

Renault also plans to import trucks up to one-tonne weight during 1977. Reuter

Australia and New Zealand extend free trade agreement

BY OUR CANBERRA CORRESPONDENT CANBERRA, Sept. 23.

NEW ZEALAND and Australia have agreed to extend their free trade agreement (NAFTA) for another 10 years from the end of this year. Ministers of the two Governments also agreed to-day to investigate more flexible machinery for expanding trade under the agreement which already covers about 63 per cent. of trans-Tasman trade.

Despite economic recession in both countries, the Governments have agreed to begin talks aimed at freeing up trade in some of the most sensitive areas of industry in Australia and New Zealand — notably motor vehicles, white goods and apparel. An official communique after to-day's talks promised that "the industries concerned in both countries would be fully consulted."

The Ministers considered a joint review of NAFTA after its first 10 years of operation conducted by their officials. Earlier this week, leaders of the New Zealand Manufacturers Federation and the Associated Chambers of Manufacturers of Australia went through a similar exercise at a joint meeting in Canberra which produced a series of recommendations for the Ministers. The 10 year extension of the agreement, and existing arrangements under it, was one of these recommendations.

The most important of the others proposed the introduction of a new schedule in NAFTA which the ministerial communique to-day described as "helpful." Schedule X, as the manufacturers called it, would differ from NAFTA's present schedule A and B in that goods entered under it would not be subject to inexorable progress towards full freedom of entry within a specified time.

There would be an initial duty reduction and a commitment to eventual abolition of all duty, but there would be flexibility to pause and vary the size of reductions if the process began to hurt too much on either side. The lack of this sort of flexibility in Schedule A, particularly, has been one of the main obstacles to the expansion of the items listed under it.

Producers in both countries have been reluctant to agree to a fixed-time-table approach for the abolition of their protection, even if their industry faced the prospect of restructuring for purely domestic reasons. Industry restructuring is still a painful prospect on both sides of the Tasman but accepted as an inevitability.

Australia and New Zealand are already each other's biggest markets for manufactures and the total value of their trade has risen in the past ten years under NAFTA from $A218m. (about £153m.) to $A706m. (about £494m.) in 1975-76.

The balance of trade in favour of Australia has swung from four-to-one to about two-to-one, and last year, for the first time, the growth rates moved into New Zealand's favour. Australia's exports fell by $A74m. (about £52m.) to $A455m. (about £318m.), while New Zealand's rose from $A184 (about £129m.) in 1974-75 to $A251m. (£176m.).

These facts, plus a 5 per cent. fall in the total volume of trade across the Tasman last year, have prompted the new initiatives at both business and governmental level to inject new vitality into NAFTA.

The New Zealand delegation pointed out to-day that a number of their manufacturers had grown up in the expectation of having continued "significant" markets in Australia. The Australian side pointed out that this would depend on the ability of Australian industry to accommodate increased competition, the extent of New Zealand's growing cost advantage—and a quid pro quo.

Davy-Loewy Soviet deal

Davy International Limited said Davy-Loewy has been awarded a £6.1m. contract by Stankoimport of Moscow, the Soviet trading organisation, to *build a 2,500 tonne forging* press.

This brings the total value of contracts won by Davy-Loewy this year in Russia to £36m.

Far East banks buy Philips

By John Walker

STOCKHOLM, Sept. 23.

PHILIPS ELEKTRONIKINDUSTRIER, the Swedish member of the Dutch Philips concern has received an order for Data Terminals from two banks in the Far East valued at Kr.80m. (£13m.). The Hongkong and Singapore Bank, with offices in both Hong Kong and Singapore, and the Hang Seng Bank—have ordered 1,000 Philips PTS 6,000 data terminals.

Delivery is expected to commence in December next year and will initially include 161 of the banks' offices in Hong Kong and Singapore.

EEC steelmakers

EEC Steel producers have agreed in principle to set up a formal representative body, to be known as "Eurofer," to replace the current "Steelmakers' Club," industry sources said in Brussels, reports Reuter.

Malaysia boost to exports

BY WONG SULONG KUALA LUMPUR, Sept. 23.

THE GOVERNMENT to-day announced the setting-up of an export credit guarantee scheme, and the introduction of preferential interest rates to encourage Malaysian manufacturers to export more of their goods.

Announcing this when opening the annual trade fair of Malaysian manufacturers here, Finance Minister, Tengku Razaleigh said the export credit scheme would initially have a paid up capital of ringgits5m. (£1m.), half of which would come from the Government, and the remaining half from banks and insurance companies.

He said the contingency liabilities of the scheme would be 1.25, which, for the initial ringgits5m., would be able to cover up to ringgits125m. worth of exports.

The Central Bank would also undertake re-discounting bills of exchange for Malaysian manufacturers at preferential rates, which would be lower than the current prime rates of 8.5 per cent.

To further the Government's economic objectives, banks have been directed to extend at least 20 per cent. of their loans to Malays, 10 per cent. to agriculture and food production, 25 per cent to manufacturing, and 10 per cent. to housing.

S. Africa plans another coal-fired power station

BY RICHARD ROLFE JOHANNESBURG, Sept. 23.

THE SOUTH AFRICAN Electricity Supply Commission which runs the Republic's electricity system is planning another coal-fired power station which is expected to add substantially to its present R3bn. investment programme over the next six years. This latest potential addition to the South African grid is to be *known as Ilanga and will be* based on one of the extensive low-grade coalfields in the Eastern Transvaal. Planning is at a relatively early stage but tenders will probably be called for before the end of 1977.

Ilanga is to supply power into the Natal grid and like the two preceding stations at Duvha and Matla will be a 3,600 Megawatt project consuming between 8m. and 10m. tons of coal annually. Capital expenditure on Duvha and Matla has been estimated at about R800m. apiece and U.K. firms such as GEC and McAlpine have picked up valuable contracts at these and and other Escom coal-fired *power stations in the past.* GEC's R100m. contracts to supply generating plant to Duvha was the biggest order placed in the U.K. for electrical equipment at the time. Capital costs of Ilanga allowing for cost inflation and last year's rand devaluation will almost certainly exceed R800m.

New automatic gearbox from British Leyland

BY TERRY DODSWORTH

BRITISH LEYLAND'S special products group made a surprise announcement yesterday of a new automatic gearbox which could take the company into the developing battle for the next generation of truck transmissions.

The gearbox, which has been announced to coincide with the opening to-day of the London Commercial Vehicle Show, at Earls Court, has been designed principally for the European city bus of the 1980s. But Self Change Gears, the special-products-group subsidiary behind the transmission, says that it will be equally suitable for the truck fleets of the future, expected to be converted gradually to automatic transmissions.

A great deal of open — and covert — activity has been going on in the commercial vehicle industry to develop new automatics. Semi- or full automatics are in use in many European buses, but the lorry industry has been much slower to convert from manual gear change, mainly because of cost.

The companies able to bring down prices of automatics, being sold at about a £2,000 premium on trucks, will have the best chance of capturing the market. Significantly, Self Change Gears will have the volume of its bus sales to support its attempt on the truck market and it says that 90 per cent of components are the same as in its existing automatic products.

The high cost of developing the new generation of transmissions is believed to be the principal reason behind the recently-announced cooperative agreement between Mercedes and Iveco, the Pan-European truck group headed by Fiat. These two groups, which between them have a potential output of about 250,000 vehicles a year, are planning to design, develop and manufacture an automatic gearbox for their heavier vehicles, with the possibility of cooperation with ZF, the independent German gearbox manufacturer.

The other large concerns fighting for a share of the truck automatic market are Allison, the GM subsidiary, and Eaton, another U.S.-based company, which is introducing a semi-automatic to Europe called the Snapper.

Allison transmissions are fitted to Volvo and Scania models sold in Europe and the U.K., with a price differential on the vehicles of between £1,500 and £2,000. Several other European manufacturers are believed to be testing the unit.

Eaton, which is building a £12m. transmission plant at St. Nazaire, France, is engaged in a big sales campaign. Manufacturers such as Ford, which uses an Eaton transmission, are expected to be prime targets for the new gearbox.

In Britain, GKN is known to have done a great deal of work on a design by SRN of Sweden.

Terry Kirk

Air-conditioning, two-ring cooker, sink, fridge unit, solar roof panel, single sleeper bunk and all-round curtains—all in Ford's Transcontinental lorry cabs.

Three shipyards bid for £20m. order

BY OUR GLASGOW CORRESPONDENT

THREE U.K. shipyards are bidding to build a new type of underwater research vessel for the Royal Navy—a potential £20m. order.

Scott Lithgow, Swan Hunter and Vickers have been discussing designs for the ship, called a seabed operations vessel.

The decision is expected by the Defence Ministry next month on whether the project will go ahead.

The Lower Clyde yard of Scott Lithgow is understood to be well placed for the contract, partly because it has the necessary expertise and technology to build computer-control dynamically positioned ships.

The order would provide a year's work for the group's Cartsdyke yard at Greenock, whose 2,000 labour force is facing progressive lay-offs because of the indefinite postponement of a £30m. order for a drillship.

Scott Lithgow is still trying to find new owners for the drillship, on which preliminary work has been carried out, failing which the Government may be asked to support speculative building to maintain a work force and the technology.

The yard is the only one in the U.K. to build dynamically positioned drillships.

The Scott Lithgow case for the Royal Navy order is being backed by the yard's local MP, Dr. Dickson Mabon, Minister of State for Energy.

Dr. Mabon has discussed the likelihood of the order coming to the Lower Clyde with Scott Lithgow's management and shop stewards, and is to meet Ministry of Defence officials next month.

Further meetings are also being held between Ministry officials and Scott Lithgow engineers.

Another Clyde yard, the State-owned Govan Shipbuilders, is also negotiating for more orders.

Sirdar Aly Aziz, chairman of Dashwood Finance, who placed a four-ship order with the yard two years ago on behalf of the Molave Corporation of the Philippines, said yesterday he hoped to announce more orders from the same part of the world by the end of this year.

Speaking in Glasgow at the launch of the second Dashwood-ordered ship, Sirdar Aziz said prospects were favourable for Govan receiving more orders, thought to be for between four and eight 26,000-ton bulk carriers.

The ship, Don Salvador III, was launched yesterday as the Molave Corporation officially took delivery of the first vessel which sails from the Clyde to-morrow.

Built to the yard's standard Cardiff bulk-carrier design, she will be used for the sugar export trade in the Far East.

EEC rule on ownership 'could change our lives'

THE BRITISH public seems completely ignorant of a Common Market regulation that could change their whole lives, an accountant told a London conference of credit controllers yesterday.

Mr Neville Shearman said the regulation could mean a car owner having his car removed from the garage even though he had paid cash for it.

The reservation of title system, common in Europe and North America, gave a manufacturer or supplier the right to reserve title to goods until he had been paid for them, providing this was made clear at the time of the transaction, he added.

If a refrigerator was supplied on credit to a retailer who went bankrupt, the manufacturer could reclaim the refrigerator so long as he could identify it.

Even if the retailer had sold the refrigerator to a housewife who had paid cash, the housewife would still be liable to lose it. "Make no mistake about it, reservation of title is going to be used in this country," said Mr. Shearman.

He expected his firm of insolvency specialists would have to deal increasingly with this problem in the future.

Rees hits TV over bad news

By Arthur Sandles

TELEVISION programme makers have been accused once more of not reporting the good side of industrial relations. This time the critic was the Home Secretary, Mr. Merlyn Rees, the Minister responsible for broadcasting policy in the U.K.

Giving what he stressed was a personal comment on TV reporting, he told a London banquet: "In covering our economic and industrial performance, I would like to see television used much more to promote and encourage what is good that is happening in Britain.

"I know there are difficulties here. It is more newsworthy to show films of strikers streaming out of a factory than to show workers remaining at the bench. The country is experiencing its best period of industrial relations for some time and this fact should be reflected in the reporting of industrial issues."

Mr. Rees said it ill-became a Home Secretary in his early days to express strong views, but there were serious questions which broadcasters should face. He was addressing a banquet staged by the Independent Broadcasting Authority to celebrate the 21st anniversary of commercial television in the U.K.

Debate

On the matter of impartiality, Mr. Rees expressed concern about the coverage of political debate but added that his remarks applied also to other serious issues.

"Too often I feel that the mechanics and techniques of television are given more importance than the substance of the information they wish to convey. Here I am thinking of the stylised confrontation debate and interview. Balance does not necessarily mean having two politicians or two professors with exactly opposite and exactly predictable views in a confrontation."

He asked if it were always necessary to cut the debate short just as a viewer was growing interested. "One wonders how statesmen and politicians of the past, faced with the need to get over their views on intricate matters in a generous three-minute spot, would have coped."

Mr. Rees felt there was too much violence on television and we should be better for having less of it.

Mr. Rees's critical remarks came in the middle of an address which was largely complimentary to the workings of ITV. It had learned to combine popular appeal with public service and achieved excellence in both.

Wrong

He admitted that he had opposed the introduction of commercial television at the time but was convinced now that he had been wrong. "Independent television is a familiar and much loved feature of our national scene and, rather than being a debaser of programme standards, it has often been the pace-setter."

Again insisting that he was talking as an individual member of the Commons he came out in favour of televising Commons and Lords debates.

BANK RETURN

	Wednesday Sept. 22 1976	Inc. + or Dec. — for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	25,[illegible]	[illegible]
Special Deposits	1,0[illegible]	
Bankers	249,421,702	— [illegible]
Reserves & Other A/cs	45[illegible],569,414	— 61,340,42[illegible]
	1,767,261,440	— 62,460,957
ASSETS		
Govt. Securities	1,464,034,240	— 64,[illegible]
Advances & Other A/cs	230,[illegible]	— 2,[illegible]
Premises, Equip't & other Secs	63,641,[illegible]	[illegible]
Notes	9,10[illegible]	— [illegible]
Coin	[illegible]	— [illegible]
	1,767,261,440	— 62,4[illegible]
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	[illegible]	[illegible]
In Circulation	[illegible]	[illegible]
In Bank'g Dep't	9,10[illegible]	[illegible]
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	[illegible]	— [illegible]
Other Securities	[illegible]	— [illegible]
	[illegible]	— [illegible]

Fraser agrees to make loan statement

BY MARGARET REID

SIR HUGH FRASER yesterday agreed to make a statement next Thursday to the annual meeting of his Scottish and Universal Investments about the controversial £4.2m. loan written off after being wrongly classified as cash.

A brief statement issued in London yesterday, after Sir Hugh had met an informal institutional committee appointed to look into the matter, noted that the committee's members had raised various questions concerning the circumstances under which the loan was made.

Questions had also been posed about subsequent events leading to the write-off in the company's 1976 accounts of the loan, which had been advanced to Amcal, a concern partly owned by a company in which Sir Hugh and his fellow-director, Mr. Angus Grossart, had interests.

Later yesterday Sir Hugh, who is to resign as managing director, said there had been no change in the position regarding his chairmanship. He had earlier said that he would step down as chairman if shareholders wanted this and that he would not deploy his own and his family's and trusts' shareholdings, totalling some 33 per cent. of the capital, in any vote on the matter.

He added that he was still looking into the question of responsibility for the mis-classification as cash in the 1975 accounts of loans of £4.7m., of which £4.2m. was later written off. Earlier this week, the auditors, City accountants Touche Ross, resigned because they had failed to notice the mis-classification, which they attributed to a clerical error by SUITS.

Sir Hugh also had a meeting in London yesterday with Mr. David Hopkinson, chairman of the management side of the M & G unit trust group, which holds 5 per cent of SUITS shares. The shares were unchanged at 54p last night compared with a 1976 high of 98p.

Overseas contracts for new coal consultancy company

BY ROY HODSON

FOUR LAGE overseas contracts have been signed, and a fifth is in prospect, for the services of a new company before it was formally established. Coal Processing Consultants (CPC), a partnership between the National Coal Board and Woodall-Duckham, a member of the power and proces engineering group of Babcock and Wilcox, has been formed to further the efforts of the parents overseas.

Babcock and Wilcox hopes that contracting orders will follow some of the new company's consultancy contracts. For the Board, the establishment of CPC is part of its drive to participate more fully in the overseas development of coal.

During the last few months, the Board and Woodall-Duckham have completed a study of coal by-products, as a substitute for oil refinery feedstock, for an American corporation. Sir Derek Ezra, chairman of the Board, said yesterday that htere was considerable interest abroad in the consultancy. Mr. John King, chairman of Babcock and Wilcox, who signed a partnership agreement with Sir Derek, said the new company would be in a position to offer the world expert advice on coal processing.

The Board is already associated with Powell Duffryn in a company, PD/NCB Consultants, to handle mining and general engineering services. Another company, Inter-Continental Fuels, in which it has an interest, is specialising in the international coal trade.

As the biggest coal mining enterprise in the western world, the Board believes that it has much to offer other mining industries in experience and technology. The new techniques to be put into practice to exploit the 400m.-tonne Selby coalfield, and perhaps the ever bigger Vale of Belvoir field (if planning permission is obtained), are regarded by the Board as highly marketable commodities.

CPC will give overseas help on coal conversion and utilisation techniques, on the fluidised bed combustion method of burning.

More Home News
Pages 8 and 28

Sir Derek Ezra said, "we see, in the future, raw coal being fed into sophisticated plants rather like oil refineries. It will not be used for burning, with half the value going to waste up the chimney." The Board, he said, was studying the "direct route" for converting coal into liquid fuels and chemicals.

Shell asks leave to raise prices

BY RAY DAFTER, ENERGY CORRESPONDENT

SHELL PLANS to raise the price of its oil products, including petrol, by an average of 2p a gallon next month.

The group has applied for Price Commission consent, and it is likely that other major oil companies will do so in the near future. It is only two months since the industry last raised its wholesale prices—by between 1p and 3p a gallon, depending on the products.

In general, wholesale petrol prices rose by 1p to 1.5p, but Shell surprised its competitors by pegging th eprice of its petrol, a decisoin aimed at gaining a biggre share of the slowly increasing petrol market.

Details of Shell's application have not been disclosed, but it is thought in the oil industry that the group is not planning to weight any product more heavily than another. In that case, Shell brand petrol could rise by 3p a gallon or more at the pump.

Depreciation of sterling against the dollar is understood to be the prime cause of the new price application, as it was of the last one. In fact the July rises did not fully reflect the extra costs arising from the falling value of the pound.

Shell has estimated that a fall of one cent in the exchange rate costs the group £6m. a year.

Other companies, Esso among them, have indicated that they will watch Shell's next move with interest. They are keen to see the effect of higher prices on a still fairly depressed oil market.

Scottish recovery slows

BY RAY PERMAN, SCOTTISH CORRESPONDENT

FURTHER EVIDENCE that the pace of the recovery in Scotland has slowed, came from Glasgow Chamber of Commerce yesterday.

Its quarterly survey indicated that upward trends in the previous three quarters were not nearly so marked.

Companies reporting an increase in home sales increased only slightly during May, June and July, and slightly fewer companies indicated an increase in orders.

The number reporting a rise in export sales was lower and those reporting more export orders was markedly less.

Companies reporting a drop in export orders rose steeply.

One disturbing factor was the increasing number of companies who indicated that present production level was at full capacity. This suggests that new investment in plant and machinery remains low.

The returns also suggest that employment in Glasgow is likely to remain steady.

HOME NEWS

Report urges new pricing to cut opticians' profit

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE Department of Health is expected to start discussions with opticians soon in an attempt to persuade them to stock a fuller range of National Health Service spectacle frames alongside the frames that sell privately.

This follows publication yesterday of a report by the Price Commission into the charges for spectacles and contact lenses bought privately.

The Commission concluded that there was no real competition among opticians and that prices were higher than they needed to be. It recommended new pricing arrangements which would increase competition and probably prevent some opticians marking their products up so steeply.

Prices and descriptions of spectacles should be clearly marked in opticians' showrooms, the Commission said, so that comparisons could be made between one optician and another.

It proposed that patients' bills should be clearly itemised, and that the patient should be made aware of his right to take his prescription to another optician after his eyes had been tested.

The patient, the Commission stressed, should be in a position to make an effective choice between NHS and private spectacles. To ensure this it was essential that the full range of NHS frames be available and that opticians did not denigrate NHS frames in an attempt to persuade people to buy their frames privately.

There was a strong case for more rational pricing arrangements, such as could be more readily understood by the patients. Prices, the Commission suggested, could be made up of three elements: prescription fee, actual cost of the spectacles, and something for operating costs.

The Commission said it was not its job to specify what should be allowed for operating costs, but at present there were very large differences between opticians' charges.

Identical spectacles were sold in one shop for £22.90 and in another for £64.00.

The report said that almost all sectors involved in making and selling spectacles had increased their profit margins, despite the Price Code. Only the lens manufacturers had suffered a drop in profit margins.

The Commission acknowledged that implementing its recommendations could lead to a reduction in the number of opticians.

Both the Department of Health and Social Security and the Department of Prices and Consumer Protection welcomed the report. Officials of the Departments are to discuss the recommendations immediately with the profession and the optical industry.

Prices of Private Spectacles and Contact Lenses. SO, 65p.

Radio and TV shop code of practice

BY KEVIN DONE, INDUSTRIAL STAFF

A CODE of Practice governing about 4,000 radio, television and electrical shops was announced by the Office of Fair Trading and the retailers' association yesterday. The aim is to give customers improved standards of service and comprehensive guarantees.

The code, prepared by the Radio, Electrical and Television Retailers' Association in consultation with the OFT, covers a range of electrical goods from light bulbs to colour TV sets and hi-fi equipment.

It applies, however, only to retailers who are members of Retra, which includes about 60 per cent. of retail electrical outlets.

This area of retailing, which has produced many complaints in the past, has been a high priority for the Office of Fair Trading, which has now negotiated 11 voluntary codes of practice in such fields as package holidays, shoe retailing and the sale of used cars.

Mr. Gordon Borrie, Director-General of Fair Trading, welcomed the code and said that on servicing and repairs it marked a significant advance on other codes adopted so far, in that Retra members were promising publicly to speed contact with the customer, and the completion of repairs.

He was most pleased that Retra members were banning worth-and-value claims such as "Worth £65 our price £50," which were misleading price comparisons, and also that they were agreeing to refund deposits when goods were not delivered on time. These were changes he would like to see in industry generally.

The code provides a guarantee for parts and labour for 12 months, regardless of any other guarantee offered by the manufacturer. If the retailer is unable to repair the goods within 15 days, he will lend a similar item to the customer.

The retailers have also agreed to making a first visit to a customer within three working days of receiving a request for repairs.

Where a dispute arises that cannot be settled by the shop or the secretary of Retra, it will go to a special conciliation panel, under the chairmanship of Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union.

BR & Co-op in free rail ticket plan

By our Consumer Affairs Correspondent

BRITISH RAIL is joining with the Co-op to give free tickets to children in an attempt to increase traffic on the railways. Labels from Co-op own brand products will be redeemable for vouchers which can be exchanged by an adult travelling on one of British Rail's four principal reduced fares for a free ticket for a child.

Half the cost of the exercise will be borne by the Co-op and the other half by British Rail. The Co-op will contribute promotional costs, including television and Press advertising, and British Rail will contribute the tickets.

The promotion follows a similar link last year between British Rail and the breakfast cereal manufacturers, Kelloggs.

Earlier this month, the British Rail Board told the National Union of Railwaymen that, rather than cutting prices in an attempt to win back passengers, it intended to try to persuade people who would not otherwise consider going by rail to use the railways.

British Rail said yesterday that the promotion with the Co-op would enable it to reach the kind of person who might not have any idea of the kind of reduced price fares available on the railways. The free ticket for a child would encourage them to experiment with such reduced price fares and widen the net of potential rail customers.

The vouchers will be available to purchasers of at least four own-label Co-op products, one of which must be Co-op 99 tea. They will be redeemable for free children's tickets to adults using awayday returns, week-end returns, monthly returns and economy returns. Up to two vouchers may be used with one ticket and rail travel may be first or second class.

British clearance for welds helps Alaskan pipeline

BY RAY DAFTER, ENERGY CORRESPONDENT

THE DEVELOPERS of the controversial trans-Alaskan oil pipeline have asked for U.S. Government clearance for several hundred suspect welds following a series of tests in the U.K.

Reports from the Cranfield Institute of Technology, Bedfordshire, and the Institute of Welding, London, conclude that identified imperfections in the welded joints were not serious enough to weaken the pipeline. It is understood that the reports indicated that the pipeline would be safe, even with a flow ten times greater than envisaged, and that the standard of welding was higher than usual.

Consequently, Alyeska Pipeline Company, the developer of the 800-mile trunk system, has applied for some 400 of the suspect welded joints to be left in place, as they are. A decision from Washington is expected within the next few weeks.

British Petroleum, which has a 16 per cent. direct stake in the $7.7bn. pipeline and a further interest through its associated company Sohio, said yesterday that the reports "concluded that the irregularities were completely innocuous."

Of the 4,000 welds found by an audit to be questionable, only 200 are now demed to need changing or repair, according to the oil companies. Work is continuing on these repairs while Alyeska awaits the outcome of its application to Washington.

BP, one of the major partners in the venture, believes that, even if the 400 suspect welds have to be rectified, the pipeline should open next summer—probably in June or July rather than May as originally scheduled. Also, the group still believes that the cost of the line will not exceed $7.7bn., despite widespread U.S. reports that the work could cost $1bn. more.

British institutions were asked to carry out the tests on the welds because it was considered by Alyeska that the U.K. has leaders in fracture mechanics. The expertise arose mainly from space technology. The overall Alaskan project is now about 82 per cent. complete.

Jensen in vehicles partnership

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

PLANS ARE well advanced to begin production of a range of four-wheel drive vehicles, like British Leyland's Land Rover, at the West Bromwich site of Jensen Motors which recently was sold after liquidation.

The project is an Anglo-Scottish collaboration between Jensen Special Products, which employs 43 former Jensen workers making automotive transmissions and other components, and a Glasgow company, Stonefield Developments, which has applied bus-building techniques to making spaceframe chassis.

Combining the two techniques has resulted in a range of three vehicles, prototypes of which have already interested the Ministry of Defence, after being put through their paces at the recent Military Vehicle Show at Aldershot, and potential customers abroad. Smallest in the range is a 1½ ton four-wheeler and the others are six-wheelers (with four driven wheels) of 2½ tons and 3 tons.

Two vehicles have already been built and another will be completed in a few days. Two pre-production vehicles will follow the prototypes. One vehicle is already in use and the other is being adapted for fire services.

"The range is complementary to Leyland's Land Rover and Range Rover," Mr. John Rowney, director of Stonefield Developments, said. British Leyland has, it is understood, expressed keen interest in the new vehicles, which might supplement an ageing concept. The Land Rover was originally a post-war stopgap while normal production was being restored.

Jensen Special Products, which started last May, has only 20,000 square feet of the former Jensen factory and is negotiating with the Church Commissioners a lease for a bigger site. The project on the Scottish side has already attracted support by the Scottish Development Agency, and financial aid is hoped for.

Call for incentives to save energy

By Roy Hodson

NEW INVESTMENT incentives or other measures to encourage British industry to save energy are urged by the International Energy Agency in a report on conservation among its 19 member countries.

The energy conservation drive supported by a number of western nations has achieved substantial success, the agency says. The member nations brought their energy consumption last year to a level of 4.8 per cent. below that of 1973 and more than 14 per cent. below the level expected if the pre-1973 energy growth rate had been maintained.

Factors influencing the fall include member countries' conservation drives, the sharp increase in oil prices in 1973, mild winters and what the agency calls a general world economic slow-down.

The agency has assembled data about energy consumption. The agency suggests that energy use in most member countries could be made much more efficient. "It is clear that most countries are not approaching energy conservation with the same intensity and commitment applied to energy supply expansion. "A barrel [of oil] saved is as useful as a barrel produced—better in many respects."

Prospects for energy conservation are said to be uncertain. Whether countries would adopt or continue programmes and policies to stimulate the major long-term investment needed to make energy conservation a reality was an open question.

Freight

The agency is particularly disturbed that some of its member countries continue to price energy below world market levels.

The agency calls the British public information campaign directed towards energy saving strong and effective.

Pointing out, however, that a high proportion of freight in Britain is carried by relatively inefficient trucks, against only 18 per cent. by rail. The agency comments that this is an area which needs to be considered for improving the conservation programme.

Britain is said to rate somewhat above average among agency nations in actual conservation results and fairly efficient in overall energy conservation in transport usage. But the country is relatively inefficient in energy conservation in industry.

Aviation authority seeks cuts in Europe air fares

BY LORNE BARLING

THE Civil Aviation Authority called yesterday for a major effort to reduce scheduled air fares in Europe, bringing charges into closer relation to costs.

The authority said, in its annual report, published yesterday, that this problem was well illustrated by the fact that on some routes the normal economy class fare on scheduled services was as much as five times the fully economic seat on a charter flight.

This was reinforced by "the unsurprising fact that only a small minority of passengers pay the normal economy class fare on such routes."

The CAA added: "Clearly a major effort is needed to ensure that fares bear a closer relation to the costs of carriage on routes such as these.

"The authority has engaged in extensive discussion with British Airways about objectives to be pursued in determining air fares in Europe and elsewhere."

It was conceded that some progress has been made although not without difficulty, on the North Atlantic with the introduction of Apex fares from April 1.

The report said that traffic between the U.K and Europe in 1975 was sluggish. Inclusive tour traffic was higher than expected. "In general, the industry's efforts have been met with greater success than could reasonably have been foreseen when the year began," the authority said.

"Especially successful" were those enterprises which sought to establish solid foundations for the long term rather than early expansion of market share. Although 1975 will not be remembered for high traffic figures, it may well be remembered for its wide spread of improved financial results."

The authority reported an even larger deficit than last year, which increased by 24 per cent. to £53.3m., although provisional figures for the first quarter this year indicated that the results for the year would be more favourable.

It was stressed that 1975 losses amounting to £40m. were on

Lord Boyd-Carpenter, chairman of the authority.

those services over which the authority did not have direct control in fixing charges, such as en route navigation services, which accounted for £37.5m.

"In areas where the authority has direct financial control the authority has continued to make good progress towards recovering costs," it said.

Busy airspace

Recent criticism of the authority by airlines and operators relating to overmanning and unnecessa bureaucracy were described Lord Boyd-Carpenter, chairm as inaccurate and fallacious.

It was unfair to compare t number of staff employed w the number of aircraft reg tered in each country. The c terion should not be the nu ber of aircraft registered in th country, but the number flyi in Britain's extremely busy a space.

● British Airways takes del ery of its third Concorde to-d and plans to step supersor North Atlantic services almo immediately. From October 5 t airline will increase the Londo Washington frequency to thr a week with departures fro Heathrow every Tuesday, Thu day and Saturday and retu flights every Wednesday, Frid and Sunday.

Since the supersonic jet beg linking the British and Ame can capitals on May 24 it h carried more than 5,000 passe gers on its three hour 40 minu Atlantic crossing, an avera load factor of more than 90 p cent.

● British Airways said to-da that it is planning to introdu a shuttle between London ar Belfast's Aldergrove airport o April 1.

The "pay as you fly" shutt follows the highly successfi Glasgow and Edinburgh service where pasengers are guarantee a seat on the flight by simp turning up at Heathrow.

The airline said that the re son for introducing the shutt was because its London-to-Be fast route was making a los The airline is expected to lo £1.3m. by the end of this year.

"We are hoping to turn th loss into a profit as we have o the Glasgow and Edinburg route," British Airways said.

The Belfast shuttle is still i the planning stages while di cussions go on with union of cials.

Industrial steel use declines

By Roy Hodson

DEMAND FOR steel by British industry fell by 4.5 per cent. in the three months to the end of June, compared with the January-March period.

Total industrial steel consumption between April and June was 3.88m. tonnes, with the decline in demand widespread across industry, except for coal mining and motor vehicles, where consumption improved slightly.

The decline can be partly explained by industries using up their steel stocks. Consumer stock levels continued to fall, with the largest decreases seen within ship-building, mechanical engineering and railways. By the end of June, according to Department of Industry figures published last night, consumer steel stocks were the lowest since the third quarter of 1973. Steel stockholder stocks were estimated to have risen by 4 per cent. during the second quarter.

The view of steel-makers and stock-holders is that the industrial market for steel is improving at a slower rate than was predicted after the 1975 recession. However, cold reduced steel sheet is in short supply because of brisk demand from the motor industry.

State freight group attacks environment tax plan

BY IAN HARGREAVES

THE STATE-owned National Freight Corporation has come out against Government proposals for taxing road haulage companies to counter environmental disruption by heavy lorries.

The plan would lead to higher retail prices without improving the environment the National Freight Corporation says to-day.

The NFC's case against making hauliers pay for any community damage their lorries may cause comes in a supplementary response to the Government's April consultation document on transport policy.

First, the corporation says, it is unfair to single out road transport as a taxable pollutant.

Second, if some attempt were made to alleviate community stress caused by lorries, the only proper method would be gradually to impose tighter standards on noise, exhaust emission and similar items.

That too, would increase transport costs, but "it would be more effective in reducing environmental nuisance."

Payment of compensation by offending hauliers is ruled out because it would be impossible to identify guilty parties. Equally, additional taxation was impractical because it would impose higher costs even on those companies not guilty o causing nuisance while removir any incentive for the culprits t improve standards.

The NFC's other main area o attack concerns the Governmen suggestion that tax on heavie vehicles should be sharply i creased to compensate for th extra road-building and mainte ance cost engaged in at publ expense for their benefit.

It accepts that owners of goo vehicles should pay a fair sha of road costs, but points out tha according to the Department o the Environment's own figure only a quarter of road costs ca be directly attributed to specil vehicle groups.

If the Government shifted i taxation policies to increase pa ments for heavier lorries— especially those with high axl loadings—as suggested in th consultation document, the resul would be a transfer to smalle lorries and those with "mor axles at the expense of payload

● The seven successive cuts i the road programme since 197 were attacked by the Freigh Transport Association yesterday Mr. G. Turvey, deputy director general, said that using availabl money for unproductive subsid rather than for productive an long-term investment was a re cipe for trouble.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● FINISHING

Paint can take severe conditions

"ELEPHANT HIDE" paint for naval aircraft which promises to last for three years, or twice as long as those now used, has been developed by the Lockheed-Georgia Company.

It has three coats—an epoxy-polyamide primer, an elastomeric polyurethane (or an inhibited polysulphide intermediate coat) and a aliphatic linear polyurethane topcoat—and was evolved from lengthy tests using eight primers, 13 intermediates and seven top coats.

This triple coat has held on in temperature extremes from −65 to +325 deg. F in both laboratory tests and applied to a 700-mph carrier-borne machine.

Aircraft encounter extremely low temperatures at high altitude, while at high speed wing leading edges and other parts heat up to +325 deg F. Under these conditions ordinary paints become very brittle and tend to crack around fasteners.

The new paint was evolved from a patented Lockheed sealant and primer first applied to the Hercules aircraft. The work, under a U.S. Navy contract, included low temperature impact tests, weight loss checks at high temperatures and 180 degree bending of the paint at −65 deg. F.

Aluminium panels coated with the various test combinations were exposed to the sun and salt spray on the Florida coast for six months. Aluminium and titanium wing joints coated with various combinations went through a simulated flight test comprising exposure to ultra-violet, high humidity, a vacuum corresponding to a height of 35,000 feet, hot soak, acidulated salt fog and cyclic loading at −65 deg. F.

Sprays a quality finish

MODEL GBR spray gun is for users demanding the highest standards of industrial finishing and particularly in vehicle re-finishing, body repairs, general industrial work and furniture finishing.

Aeraspray has introduced the new gun to produce a high quality finish combined with fast work rates, and to be used for long periods without inducing operator fatigue.

Weight of the gun is 1 lbs 3 ozs (0.538 kg.). The body is a duralumin forging with gold-anodised finish, and the air cap a hot brass stamping with ball and taper location on fluid nozzle. All critical machining is carried out after plating. The fluid nozzle is stainless steel, located in tapers in the gun body. Air inlet connection is ¼ inch BSP and fluid connection ⅜ inch BSP. The gun is supplied with cleaning brush, spanners and full operating and maintenance instructions.

Full information on the GBR and its associated equipment from Aeraspray Engineering Co., 79-213 Thimble Mill Lane, Birmingham B7 5HS. 021-327 1671.

● COMPUTERS

U.K. mini gets far more power

CONTINUING ITS stepwise development of what probably was the first British designed and built minicomputer, Digico is preparing to launch the Micro 16E on a market which already has bought 500 of the company's earlier models, most of them incorporated in dedicated control and/or test equipment.

The new design has various functions which were previously optional built into it as standard. These include multi-level interrupt, direct memory access, printer and reader interface, the latter on the central processor card.

Standard memory has been raised to 8K words, expandable by increments of 8K or 16K to a maximum of 64K, 16-bit words.

This means the user with limited support can do a great deal more with the equipment than hitherto, particularly as it is capable of supporting up to 64 peripherals.

The company expects the new offering to make an impact on the OEM market, but also to be able to tackle many more applications than hitherto.

Digico is at Wedgwood Way, Stevenage, Herts SG1 4PY. Stevenage (0438) 4381.

ITT makes a micro move

IN THE wake of a spate of announcements about microprocessors in recent weeks from the makers and their distributors, ITT has surfaced not, as might perhaps have been surmised, with a statement about its own entry into microprocessor circuit manufacture, but a plan to market other people's more effectively.

The plan—revealed by one of the company's distribution arms, ITT Electronic Services of Harlow—will set the other distributors thinking because it involves a scheme of formal assistance from a team at STL and another at the components group central applications laboratory. The whole thing is called ITT Microprocessor Operation.

The idea is to provide assistance of virtually any kind that an intending user of microprocessors might need, without grinding any particular maker's axe.

Offering the expertise of the two laboratories—particularly STL—should prove an attractive persuader for intending micro users.

This laboratory in particular has been examining in depth all the micro ICs as they come along, and many of its 1,000 engineers have acquired extensive knowledge on application in systems of various kinds, particularly communications.

The plan is that the component group labs will concentrate on "from scratch" introduction and training in micros with formal two or three-day courses at about £45 per day while STL will, on a contract basis, design any system the customer requires.

Meanwhile the franchise list of Electronic Services remains Texas, Motorola, National Semiconductors and Fairchild, with the rather notable absence of ITT itself. Plans are being reviewed at ITT Semiconductor, Footscray, but that is all manager Jerry Thomas will say. Perhaps the old corporation motto, "wait and let the others make the mistakes first" has been applied. On the other hand the boat will not wait forever. Electronic Services is at Edinburgh Way, Harlow, Essex (0279 26777).

● TEXTILES

Air vortex twists the yarn

ONLY A FEW years ago the spinners of textile yarns were concentrating their efforts on the elimination of ring and traveller which for years had imposed mechanical limitations on the speeds at which yarns could be spun and on the size of packages that could be produced.

This culminated in a number of different solutions, the most immediately successful being the rotor spinning system based on the use of a tiny centrifuge into which fibres are projected and then caused to cling to the inner surface.

As they are pulled away by a yarn the fibres contribute to the yarn and at the same time are given twist to provide strength and cohesion. This is known as open-end spinning.

A leader in this new technology is Platt Saco Lowell (P.O. Box 55, Accrington, Lancs. BB5 0RN. Tel. 0254 382101) which has the Rotospin machine. However, Platt, like all other companies in the trade, realises that there are positive limitations to the rotor spinning system and with rotor speeds now in the region of about 100,000 r.p.m. these limits have presumably been reached for spinning the short staple cotton-type fibres. Whatever comes next it is widely felt that production speeds starting at about 100 metres/minute of yarn must be accepted.

Platt Saco Lowell has entered into an agreement with the Polish textile machine builder Varimex and will in future handle West European sales of a completely new type of short staple spinning machine called the PF 1. The technology is quite new.

With rotor speeds approaching 100,000 rpm, it is understandable that the older process is noisy and it is also hard on bearings. With the PFI machine yarn is formed by an air vortex and there are no moving parts in the yarn formation zone. Consequently the noise level is dramatically reduced compared with rotor spinning and the wear within the frame is expected to be kept to a minimum.

The British company does not see the PFI as direct competition with its existing range of machines, but feels that rather it will augment and widen the range of yarn counts that can be spun, as well as the yarn types. Mainly the PFI will be used for production of spun yarns in short staple lengths made from man-made fibres such as viscose staple, polyester, acrylic, etc. Work has yet to be done on the natural fibres. Inevitably yarns produced by any of the recognised open-end routes are weaker than ring spun yarns, but this difference is largely eliminated when vortex-spun yarns are doubled. This gives extra strength that compares very closely with a ring-spun yarn.

Research into the process has resulted in a new system of making core-spun yarns which have a very strong core of filament synthetic round which are spun the staple fibres. It is felt that this is something that could open a very wide potential market for the Polish machine. At present the machine is being fed with sliver that is taken through a draw frame, but eventually the Polish research team believes that it will be possible to work direct from card sliver. In this way the route from fibre to yarn will be appreciably shortened and also cheapened.

The packages of finished yarn require no subsequent rewinding and clearing, so again the system is condensed still further, unless, of course, a folded yarn is required. The whole concept is at present in an advanced stage of development, but it is by no means clear just how far vortex spinning will advance or precisely what areas it will find its most suitable application.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● TRANSPORT

Seeks out all the faults

MOST OF the important characteristics of a vehicle's behaviour can be tested very quickly with a test cell of new design to be shown at Automechanika 76 in Frankfurt-am-Main next week.

The VCT (vehicle characteristics tester) is a product of the Dynamometer Automobile Engineering Equipment Company, POB 9152 Tel Aviv, Israel. It will handle engine data, brake efficiency, transmission, wheel alignment, speedometer/tachograph calibration and exhaust emission tests. No absorption unit is needed as torque, force, etc. are all derived from the rate of change of velocity of the unit's flywheel.

Engine power is derived simultaneously by deducing total losses in the driving system and there is no need to dismantle.

● CONFERENCE

How to sell telecoms to the U.S.

FROST and Sullivan, the New York technological market research company is to conduct a seminar in London devoted to marketing into the U.S. telecommunications industry.

To be held at the Royal Kensington Hotel on November 17 and 18, the seminar will deal with the sale of equipment and services to the "Fortune 500" companies, to the newer common carriers, to the residential and small business market — and even to the Bell System itself.

There will be sessions on U.S. regulation problems, the major changes that are occurring in the country's telecommunications, the emerging (and vanishing) technologies, the effective use of distributors, and recruiting a sales force.

Considerable emphasis is being placed on presentation at the seminar; there will be for example over 1,000 specially produced slides and a five screen panoramic display. More from the director of marketing at 106 Fulton Street, New York, NY 10038, or the Paris Office on 633 0406.

● MATERIALS

U.K. supply of special metals

ONE OF the world's largest suppliers of special metal mill and manufactured products is to establish a new European stockholding and commercial headquarters in Birmingham.

Final decision on the site should be made early in November and operations — not too far from Birmingham Airport — should start after the New Year.

The Astro Metallurgical Corporation of Wooster, Ohio, U.S. is an international supplier of special metals such as titanium, zirconium, tantalum and associated alloys and is well known for its broad ex-stock availability of finished and semi-finished products in these metals.

The decision to select the U.K. was taken by Astro following completion of location feasibility and market opinion and evaluation projects undertaken by the company's European Sales Office, established in Britain 12 months ago.

Astro Metallurgical, Temple House, 43 New Street, Birmingham (021-643 5267).

● PROCESSES

Valves will withstand corrosives

CONTROL VALVES of new design from Masoneilan are intended to meet the chemical industry's requirements in regulating corrosive fluids.

Up to 7mm thickness of ptfe is bonded to the ductile iron body and other product contact parts by a technique of isostatic compaction. It is claimed that this process prevents the two materials from being separated within the temperature and pressure limits of the valve design.

The process enables any geometric configuration to be achieved, corresponding to the streamline characteristics required. Constant flow areas can be provided, and the metallic shell is fully responsible for the valve resistance to pressure, up to the full rating of the body. Tests on the series have shown that the design can withstand up to three times the rated pressure without damage.

Masoneilan, Controls House, Park Royal Road, London NW10 7CD. 01-965 8866.

● POLLUTION

Municipal cost-cutter

A REFUSE collection vehicle whose hydraulically-operated compacting mechanism needs no routine maintenance, apart from oil-level checks is the "Hust Packer."

Exceptionally quiet in operation it is built from high-tensile rust-resistant steel plate on a framework of rectangular section tubing, some of which carries hydraulic fluid. The body is suitable for mounting on vehicles with a gross vehicle weight of 13-16 tons, with rear axles of 8.75-10 tons.

According to the density of refuse, from 50-70 yd³ (38-53 m³) can be compressed into the body whose nominal capacity can range from 19-22 yd³ (14.5-16.8 m³). The semi-circular loading hopper at the rear of the vehicle is swept clear every four seconds by a hydraulically operated compactor paddle which applies a crushing force of over 15 tons. Operators can load the hopper without stepping up off the ground.

Depending on the density of refuse, the body can accommodate loads of six tons and over. The load is discharged by raising the hydraulically-operated rear door and tipping the body. Apart from the low maintenance cost associated with this vehicle, the initial cost is claimed to be substantially lower than most compaction vehicles of this capacity.

Ronald Perham, 68 Clapham Road, London SE9 0JS.

APPOINTMENTS

COMPANY NOTICES

ELECTRICITY SUPPLY COMMISSION
ESCOM 1971/86 8½% $US 20,000,000

Notice is hereby given to bondholders of the above Bonds that the amount redeemable on December 1st, 1976 i.e. $US 1,500,000 was bought in the market.

Amount outstanding: $US 15,500,000
Luxembourg, September 24, 1976.

THE TRUSTEE
FINIMTRUST S.A.

GOLD FIELDS GROUP
NOTICE RE CLOSING OF REGISTERS OF MEMBERS

NOTICE IS HEREBY GIVEN that the REGISTERS OF MEMBERS of the undermentioned companies will be CLOSED for the purpose of the Annual General Meetings as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Register of Members closed (both days inclusive)
Gold Fields Property Company Limited	7 October to 13 October 1976
New Witwatersrand Gold Exploration Company Limited	7 October to 14 October 1976

London Office:
49 Moorgate
London EC2R 6BQ.
23 September, 1976

By Order of the Boards
C. E. WENNER
H. J. GREEN
Joint London Secretaries

T.C.H. INVESTMENTS N.V.
Willemstad, Curaçao

NOTICE IS HEREBY GIVEN to holders of Bearer Depositary Receipts each representing one-tenth of one Class "A" share of T.C.H. Investments N.V. that after the declaration of a dividend at the Annual General Meeting of Shareholders of T.C.H. Investments N.V., held in Curaçao on 31st August 1976, holders of Bearer Depositary Receipts are entitled to a net dividend of US$2.20 per Receipt payable as from 4th October, 1976 at the office of Pierson, Heldring & Pierson N.V., Herengracht 214, Amsterdam against surrender of dividend coupon No. 4.

Willemstad, Curaçao.
24th September, 1976
Caribbean Depositary Company N.V.

JAMES WALKER GOLDSMITH AND SILVERSMITH LTD.

NOTICE IS HEREBY GIVEN that the Ordinary and Non-Voting Ordinary share Transfer Books of the above Company will be closed from 8th October to 25th October, both dates inclusive for the preparation of dividend warrants.

By Order of the Board
E. M. SMITH
Secretary.

Centum House
Streatham High Road
London SW16 6ER

LEGAL NOTICES

No. 002731 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ANGLO EUROPEAN TEXTILES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 16th day of August 1976, presented to the said Court by CORNWALL CARPETS LIMITED of Belvedere House, Foundry Lane, Fishponds Trading Estate, Bristol, BS5 7UE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 11th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

STANLEY, WASBROUGH & CO.,
of 12/13 Berkeley Square,
Bristol, BS8 1HD
whose London Agents are:
STANLEYS AND SIMPSON NORTH, of Swan House,
35 Queen Street,
London, EC4R 1BX.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of October 1976.

No. 002986 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SPENMEAD LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 31st day of August 1976 presented to the said Court by PAVITT STEWARD & CALDER LIMITED, 230-232, York Way, London, N7 9AB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 18th day of October 1976 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MURRAY MACLEAN & CO.,
73 Surbiton Road,
Kingston upon Thames,
Surrey, KT1 2AF.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 15th day of October 1976.

No. 002980 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LONDON & OVERSEAS EXPRESS FREIGHT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 8th day of September 1976, presented to the said Court by UNION-CASTLE MAIL STEAMSHIP COMPANY LIMITED whose registered office is at 4, St. Mary Axe, London, EC3A 8BP, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 25th day of October 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MARKBYS,
Moor House,
London Wall,
London, EC2Y 5HE
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 22nd day of October 1976.

No. 003133 of 1976

In the HIGH COURT OF JUSTICE, Chancery Division, Companies Court. In the Matter of A. E. DANCE & SONS STRUCTURAL STEEL ERECTIONS LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was, on the 20th day of September, 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE. And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 25th day of October, 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 22nd day of October, 1976.

Registered in England No.2,151
THE VAN DIEMEN'S LAND COMPANY
(incorporated by Royal Charter 1825)

NOTICE IS HEREBY GIVEN that the adjourned Annual General Meeting of The Van Diemen's Land Company will be held at the offices of Hays Allan, Southampton House, 317, High Holborn, London, WC1 on Monday, 4th October, 1976 at 12 o'clock noon.

By Order of the Court
N. F. HYLAND, Secretary.

PERSONAL

NEW SQUASH CLUB. Few memberships still available at Silvermere Squash Club Cobham Surrey. Phone Cobham 7275 anytime.

PUBLIC NOTICES

CITY OF BRADFORD METROPOLITAN COUNCIL

Bills amounting to £2,000,000 were issued on 22 September 1976 for maturity on 22 December 1976 at an average rate of 12 27-64ths%.

Applications totalled £23,000,000. Bills outstanding total £4,000,000.

LABOUR NEWS

Pensionable age for men cannot be cut—Ennals

BY ERIC SHORT

..RE IS NO prospect of the ..ernment's being able to ..rd a lower State pension age ..men for a long time to come, .. David Ennals, Social Ser..s Secretary, said yesterday.

..effect. this was the Govern..t's reply to demands made ..his year's TUC meeting for ..wering of the pension age for .. to 60.

..would involve heavy ..omic burdens costing more .. £2bn. a year which would .. to be paid out of a national ..luct cut by 3 to 4 pert. if .. stopped work five years ..ier — an extra £100 a year ..n each worker.

..r. Ennals was introducing .. memorandum* which con..ed evidence of the Depart..t of Health and Social ..rity to the Equal Oppor..ties Commission on the ..ew of pension ages for men .. women. But his main com..ts were confined to spelling .. the Government's policy on ..e matters.

... Ennals specifically referred ..he call of the TUC for men ..etire at 60 and the demand .. basic pensions to be raised .. a third of gross national ..age earnings for a single ..on and half for a married ..ple. This latter demand was ..forward by Mr. Jack Jones, ..eral secretary of the Trans.. and General Workers' ..on.

They cannot seriously expect ..t at a cost of over £5bn. a year," said Mr. Ennals, "almost the cost of the whole of the National Health Service." This amounted to £5 a week per head of the working population, in addition to the commitment to the new better pensions scheme due to start in 1978.

Priorities

"Socialism is the language of priorities," Mr. Ennals continued, "and in times of severe economic restraint we all have to work out our priorities for social expenditure." The Government had *settled priorities for public* expenditure and had published them. These plans did not *include* provision for a lower pension age for men. He challenged whether the *TUC* wanted early retirement to have priority over introduction of the new State pension scheme.

Mr. Ennals went even further on the question of the order of priorities: "Assuming the country could afford it and the over-60s wanted it, is it really our top priority for additional social expenditure? Will we put it above the case for improving benefits for the disabled, for *increasing child benefit*, for increasing expenditure on the health services, housing, education and so on?"

It remains to be seen whether Mr. Ennal's rejection of the concept of early retirement will result in rejection of the miners' demand, backed by the threat of *industrial action, for retirement* at 60 to be conceded by January.

Bearing in mind that the National Coal Board has agreed *in principle to early retirement* —if the Government will pay for it—and that Mr. James Callaghan, Prime Minister, has stated that their claim should be seriously considered because of the nature of their work, miners may well be made an exception, although not until the present *pay policy expires at the end of* July.

Mr. Ennals said that the Government was working closely with the TUC on pensions and retirement. The recently formed joint working party of the TUC and the Government had held its first meeting that morning and *it had discussed* the memorandum.

The memorandum described methods of equalising retirement ages. The main objection to lowering the age for men was the social one that many men would not like to retire so early. The objection to raising the *retirement age for women to 65* was that it meant a breach of faith with women now at work who had been promised a pension from 60, although on financial grounds this proposal would save £200m. a year.

* *Memorandum of Evidence for the Equal Opportunities Commission in connection with their Current Review of Pension Age: Department of Health and Social Security.*

Union seeks appeal right over staff associations

BY DAVID CHURCHILL, LABOUR STAFF

THE RIGHT of TUC-affiliated trade unions to appeal against the granting of certificates of independence to non-TUC staff associations will be decided at an important test case before the Employment Appeal Tribunal early next month.

The General and Municipal Workers Union plans to challenge the granting of a certificate to the Bristol-based Imperial Group staff association, which has about 2,600 members. In addition, the union, with the Association of Scientific, Technical and Managerial Staffs, is *objecting to the certificate given* to the Coventry-based Courtaulds Group One staff association. Both unions are concerned that the benefits of certification arising from the Employment Protection Act—such as access to recognition and disclosure provisions of the act—should *not be given to non-TUC unions* which were not part of the TUC's campaign for the introduction of the act.

The importance of the test case before the Tribunal—which is expected to be heard by Tribunal president Mr. Justice Phillips and a representative from each side of industry—is that, until now, the act has not apparently allowed appeals by third parties against certification. It has seemed that only unions refused a certificate have had the right of appeal.

The Government is considering the introduction of legislation to amend the act so as to prevent small, non-TUC unions from taking advantage of the certification benefits. In a recent statement, Mr. Albert Booth, Employment Secretary, indicated that current Government thinking was to issue certificates based on criteria of effectiveness as well as independence.

Hospital workers strike

By Our Labour Staff

ABOUT 5,000 ancillary workers in eight east London hospitals yesterday staged a four-hour token strike in protest at the proposed cuts in hospital services. The strike action, mainly by members of the National *Union of Public Employees*, went ahead despite a last-minute plea by Mr. David Ennals, Social Service Secretary, for the action to be called off.

A call for doctors to take industrial action over the suspension of a hospital consultant was made yesterday. Meanwhile, Mr. Ennals was asked to hold an inquiry into the suspension. The Hospital Consultants and Specialists Association asked its 5,000 members to undertake "routine duties" only on October 8, a month ahead of the day on which the South West Thames regional health authority is to hold an inquiry

The association is angered by the fact that Dr. Terence Lawlor has been suspended from his post at Normansfield Hospital

Power station cuts attacked

BY OUR LABOUR STAFF

PLANS TO stop building new power stations because of the fall in demand for electricity were severely criticised yesterday by a major white-collar union whose members face redundancy because of the cuts.

Mr. Ken Gill, general secretary *of the Technical and Supervisory* Section of the Amalgamated Union of Engineering Workers, described the projected 50,000 redundancies arising from the cuts as a "criminal waste of technical manpower."

The Central Electricity Generating Board's plans to discontinue *new projects until* the 1980s put at risk the entire boilermaking and power station turbine generating industry, he claimed.

It was to protect workers in these industries that TASS and the other unions involved were trying to bring pressure to bear on the Government to ensure that the CEGB started forward planning for new stations immediately.

Mr. Gill also pointed out that *the 1976 CEGB corporate plan* indicates that, even with a pessimistic forecast of 3 per cent. annual growth, the Board will need to instal 5,000 MW of new plant each year by 1980.

But the report said it was questionable whether this could be achieved, given the rate of power plant construction over the past year.

This inevitably meant that the U.K. would be forced to import plant and equipment from abroad. To counter this, "the Government must start now to plan for the future. This industry must not be thrown down the drain."

Meanwhile, talks to end the 14-week-old strike which has halted construction of Europe's biggest oil-fired power station at *the Isle of Grain, Kent, are still* deadlocked.

About 1,000 construction workers at the £300m. station have been on strike since June over a claim for protective clothing by 28 scaffolders who work close to glass fibre materials.

Despite a Factory Inspectorate recommendation that the men should be given the overalls, the strike has continued due to new disputes over manning and productivity.

APPOINTMENTS

ICI Board post for T. Beckett

Mr. **Terry Beckett**, chairman and managing director, Ford Motor Company, will join the Board of IMPERIAL CHEMICAL INDUSTRIES as a non-executive director on October 1.

★

Mr. **Michael Hunka** has resigned as executive chairman of ROSETTI AND CO., the U.K. musical instruments subsidiary of EMI, but continues as a consultant and non-executive deputy *chairman*. *Mr. Michael Cowan*, managing director of Rosetti, has assumed full executive responsibility for the company, reporting to the chairman, Mr. *L. G. Wood, EMI group director*, records and music.

★

Sir Paul Reilly is to become president of the ASSOCIATION OF ART INSTITUTIONS. Sir Paul, who is director of the Design Council, succeeds **Lord Goodman**.

★

Mr. **Ted Justice** has been appointed director, export operations, of CHRYSLER UNITED KINGDOM in place of Mr. Ted Gadd, who has taken up another senior appointment within the company.

★

Mr. **M. F. Julien** is to become BICC group finance director from November 29.

★

Mr. **Peter Drummond-Murray** has been appointed a director of NEW COURT FUND MANAGERS and of OLD COURT FUND MANAGERS.

★

Mr. **N. P. Bailey** is to retire as executive chairman of DEXION-COMINO INTERNATIONAL from November 5. He is relinquishing executive control at normal retirement age but will remain on the Board. Mr. **S. Hinchliff**, present managing director, will additionally be appointed chairman on the same date. Previously a deputy chairman of the Dowty Group, Mr. Hinchliff joined Dexion in July last year.

★

Mr. **Hugh Stirk**, personnel manager with THAMES CASE, has *joined the Board as personnel* director.

★

Mr. **Robert B. McCulloch** has become financial director of *ENDURA LAMPS, subsidiary of* GTE Sylvania.

★

Mr. **Walter P. Smith** has been appointed director general of ORDNANCE SURVEY in succession to Major General B. St. G. Irwin, who retires in April, 1977. Mr. Smith is at present the adviser, survey and mapping, to the United Nations in New York.

★

Mr. **Gerald Wiener**, recently retired senior partner of Arthur Young McClelland Moores and Co., has been elected to the Board of ETAM and appointed chairman.

★

Mr. **B. B. Davis** and Mr. **I. Levy** have joined the Board of K. O. BOARDMAN INTERNATIONAL.

★

Mr. **Iain Dale**, a non-executive director of DALE ELECTRIC INTERNATIONAL, is joining the company on a full-time basis from January next year *as personal* assistant to the group managing director. He retains the position of group marketing director.

★

Mr. **T. R. Gallagher** and Mr. **J. P. C. Wheeler** have been appointed to the Board of P. C. HENDERSON. Mr. Gallagher joined the company *in 1959 and* became export sales manager. Mr. Wheeler has been with Henderson since 1973 and will remain responsible for control of purchasing and allied *functions*. Mr. **R. J. O. Evans** has been made a director of P. C. Henderson International, which is the parent company of the overseas interests of the group.

★

Mr. **Peter Ward** has been appointed personnel director of UNION CARBIDE U.K. *and* BAKELITE XYLONITE, subsidiaries of Union Carbide Corporation, U.S.

★

Sir Henry Chisholm retires as chairman of CORBY DEVELOPMENT CORPORATION on September 30 and will be succeeded by **Mr. Leslie Kemp**.

★

Dr. **Eddie J. Veys** has been appointed director and general manager of the wire division of the TWIL GROUP. Mr. **Derek Newbould** has been made marketing director of that division.

★

Mr. **D. G. Gilbert** has been appointed sales director of MIDLAND CIRCUITS and Mr. **M. R. Sreeny** has become financial controller.

aac

Anglo American Corporation of South Africa, Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT

The following are the unaudited financial results of the Corporation and its subsidiaries for the half-year ended 30th June 1976, together with comparative figures for the half-year ended 30th June 1975, and the year ended 31st December 1975. *These should* be read in conjunction with the notes:

	Half-year ended 30.6.76	Half-year ended 30.6.75	Year ended 31.12.75
	R000's	R000's	R000's
Group profit before taxation	44 214	42 814	92 057
Deduct: Taxation	1 706	1 512	4 350
Group profit after taxation	42 508	41 302	87 707
Deduct: Outside shareholders' interest	1 282	1 411	2 993
GROUP PROFIT ATTRIBUTABLE TO ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED	41 226	39 891	84 714
Preferred stock dividend	143	143	286
Equity earnings	41 083	39 748	84 428
Cost of interim dividend No. 80 of 8 cents per share	10 534	10 531	
Number of shares in issue at end of respective periods	131 672 300	131 639 300	131 672 300
Earnings per ordinary share—cents	31.2	30.19	64.1
Dividends per share—cents	8.0	8.0	33.0

Notes:

1. No provisions for the depreciation of investments and against loans are included in the results to 30th June, as they are considered annually at the financial year-end. The Group profit for 1975 is after allowing for provisions of R6 900 000.
2. It should not be assumed that the results for the first half of the year will necessarily be proportionate to the results for the year ending 31st December 1976, for the following reasons:
   (a) income from investments does not accrue evenly throughout the year;
   (b) certain costs, such as those incurred on prospecting, vary materially from time to time.
3. Particulars of the Group's listed investments are as follows:

	At 30.6.76	At 30.6.75	At 31.12.75
	R000's	R000's	R000's
Market value	931 588	1 185 203	997 842
Book cost	378 660	327 154	353 857
Appreciation	552 928	858 049	643 985

4. As mentioned in the 1975 Chairman's Statement, work at the Societe Miniere de Tenke-Fungurume project was suspended in the light of low copper prices, the disturbed political conditions in Central Africa and the economic situation in Zaire which precluded the completion of satisfactory financing arrangements. S.M.T.F. is currently considering the technical feasibility and methods of financing of a project smaller than the previous 130 000 tons per annum scheme. Accordingly, as it will be some time before definite conclusions can be reached, your directors think it may be prudent to consider making a provision at the end of the year for part of the investment in S.M.T.F. Any such provision would be treated as an extraordinary item and met by an appropriation from reserves.

For and on behalf of the Board
H. F. Oppenheimer } Directors
G. W. H. Relly

INTERIM DIVIDEND NO. 80

Notice is hereby given that dividend No. 80 of 8 cents per share (South African currency) (1975: 8 cents) being an interim dividend in respect of the year ending 31st December 1976, has been declared payable to shareholders registered in the books of the Corporation at the close of business on 8th October 1976 and to persons presenting coupon No. 85 detached from share warrants to bearer. A notice regarding payment of dividends on coupon No. 85 detached from share warrants to bearer will be published in the press by the London secretary of the Corporation on or about 30th September 1976.

The transfer registers and registers of members will be closed from 9th October to 22nd October 1976, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about 4th November 1976. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 26th October 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before 8th October, 1976.

The effective rate of non-resident shareholders' tax is 13.4142 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and also at the offices of the Corporation's transfer secretaries in Johannesburg and the United Kingdom. The board has approved revised and updated conditions of issue of share warrants to bearer. Copies of these conditions will be available from the offices of the Transfer Secretaries and the Paying Agents.

By order of the board
J. T. Goldfinch
Managing Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited,
62, Marshall Street,
Johannesburg 2001
(P.O. Box 61051 Marshalltown 2107)

Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.

Registered Office:
44, Main Street,
Johannesburg 2001.

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

23rd September, 1976

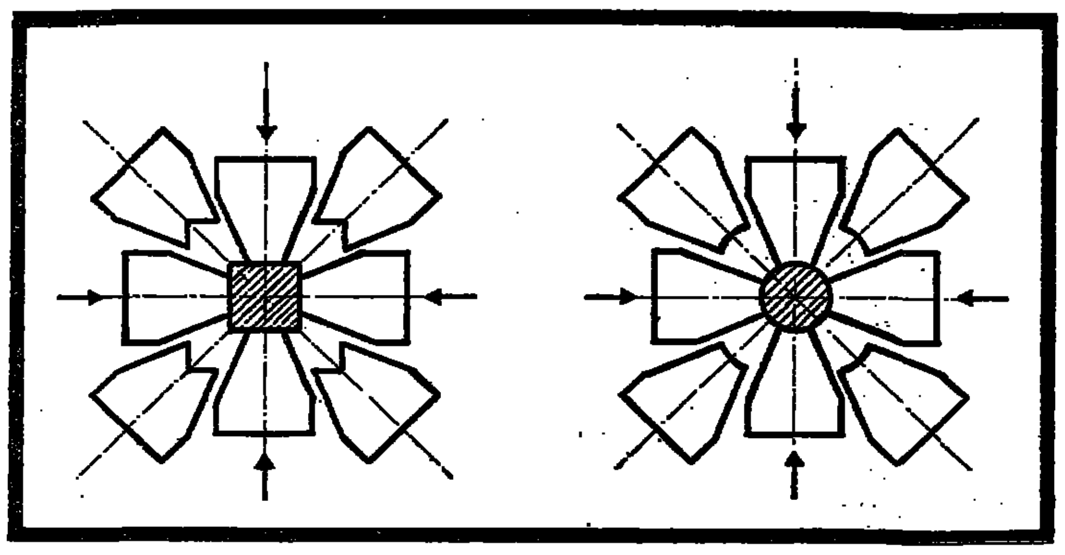
AUSTRIAN SUCCESS IN STEEL FORGING

An automated hammer and anvil for the steel industry

BY ROY HODSON

RARELY DOES an industry have the opportunity to embark upon technological revolution. Steady change and improvement is the customary order of things, which makes it all the more remarkable that some of Britain's leading steel companies have almost simultaneously decided during recent months to make investments amounting altogether to nearly £20m. in a new means of forging steel.

The system which steelmen are now apparently convinced is the correct one upon which to base a large segment of the future of the special steels industry and other forging operations, replacing many of their traditional methods, is the automatic continuous forging machine. In various sizes the machine is made exclusively by a company called Gesellschaft für Fertigungstechnik und Maschinenbau (GFM) at its factory in the picturesque country town of Steyr in Austria. It is the mainstay of the company's annual turnover of about £18m.



How the concentric hammers of the GMF machine shape circular or square forgings.

White hot

One of the bravest sights in steel-making is the crew sweating in the glow of a white-hot steel piece as they pass it back and forth beneath the forging hammer. At each pass the hammer comes down like the crack of doom until the whole piece is reduced in thickness. It looks a tortuous way of making steel. Indeed, it is a modern derivative of the blacksmith, his hammer and his anvil. Forging is necessary, as blacksmiths have always known, to pound into steel strength and internal grain structure. GFM has managed to build a range of machines which will forge automatically and precisely by means of a cluster of hammers. They have automated the blacksmith and his anvil.

Soon after an amalgamation within the British private sector special steels industry produced a new company, Edgar Allen Balfour Steels, the chairman, and managing director Mr. Grahame Wise, put forward a scheme for purchasing a GFM continuous forging machine to be the linchpin of his company's future expansion in the area of special tool steels. The company has a plant at Openshaw, Manchester, which used to belong to the British Steel Corporation.

Mr. Wise and Mr. John Oakley, the group chairman of Edgar Allen Balfour, the holding company, soon found themselves in agreement about installing a GFM machine. They went to Steyr, studied the design and manufacturing, and saw a machine in production. The visit reinforced their wish to buy one for the Manchester works. The company is investing between £2m. and £3m. in the first big GFM machine to arrive in England. By early 1978 it will be in production.

One special advantage stems from the inherent design of the continuous automatic forging machine. The traditional forging hammer delivers sharp blows downwards to shape steel laid across an anvil. Special and expensive foundations are needed to take the strain. The GFM machine has a number of hammers surrounding the steel acting in pairs in opposition to each other. Thus there is no exceptional force in one direction and the machine can be installed on comparatively light foundations.

While Edgar Allen Balfour were ahead in pioneering the large-scale use of automatic forging in Britain the biggest company in the private steel sector, the Johnson and Firth Brown group, was not far behind. Having sold its wire rod mill in Manchester for more than £4m. this year it had cash available towards a really big GFM machine to service the entire Johnson and Firth Brown group with forged special steels and alloys.

Alloys are difficult to forge with conventional means, but are ideally suited for the GFM design. Johnson and Firth Brown took the plunge this month and ordered the largest GFM machine ever made, at a cost of £9.5m. together with associated equipment. Ancillary investment will take the total cost of the project, which is to be installed at the Atlas Works, Sheffield, to well over £10m. The machine will be working by the end of 1978. Called the SXP65 it will be able to produce from ingots up to 8 tonnes in weight either solid or hollow forgings of up to 12 metres in length to close tolerances. It will be one of Britain's most important single production units for supplying steel forgings for the aerospace, petrochemical, defence, oil, and power generation industries.

British Steel has also been taking an interest in the GFM machines. The corporation has been cautious. But it has had a problem with supplying railway wagon axles competitively. So BSC has also ordered a medium GFM machine which is costing, with associated equipment, something more than £4m. It will be installed at the Rotherham works and should have sufficient capacity to make all the wagon axles needed in Britain together with a supply for the export market as well.

Shareholders

GFM was started after the war by Dr. Bruno Kralowetz and the late Dr. Kurt Ottitzky. In 1948 they were building a rudimentary form of long forging machine in which the metal to be forged is fed in vertically. The biggest machine now being offered weighs more than 1,000 tons. Dr. Ottitzky died in 1968, leaving the Kralowetz family as main shareholders.

The Russians, who had few set ideas about steelmaking and an expanding civil and military industry to provide for, showed an early interest in the GFM machines. They are still the company's best customer using machines both to forge steel ingots and for more specific applications, in particular the forging of gun barrels—a task which certain types of the machine perform admirably.

GFM has been helped greatly by the seeming inability of other manufacturers to produce anything quite as good or as versatile. The keypoint of the GFM design is the ability to drive a cluster of forging hammers hard and fast using mechanical methods of transmitting the power. Another maker tried to accomplish the same thing by hydraulic means and failed. Probably the nearest competitor is a Luxembourg company which produces a two-hammer machine. GFM can make machines, with eight hammers, each working at a rate of hundreds of blows a second.

Besides the speed and precision of automatic forging there are other advantages. While steel is passed back and forth under the traditional single forging hammer it loses heat. Eventually it has to be transported back to the attendant furnace and re-heated before being brought out again for further forging passes. When steel is passed through the GFM automatic long forging machine it needs only one pass through the machine to emerge at the other side in its forged state.

Industry is rapidly discovering new applications for GFM forging methods. The Russians are forging harvester blades as well as guns. In Detroit U.S. motor car makers are forging tapered high quality steel rods on the machines to make car coil springs which will have a progressive damping rate and will thus give a better ride.

GFM is having difficulty in meeting international demand for the machines. Still a private company it is continuously extending its modern open-plan factory at the rate of one manufacturing bay every year. But it may be reaching the limit of materials and technology. By next year GFM hopes to offer a machine with a forging force of 2,000 tons per hammer compared with about 1,400 tons on the biggest current model. That machine will weigh 1,600 tons.

FINANCIAL TIMES SURVEY
Friday September 24 1976

Israel

Except for the spectacular Entebbe airport rescue operation, the Israelis during the past year have had little to boost their morale. The economy is in difficulties, and although relative calm has prevailed on the frontiers, the Israel/Arab conflict is far from resolved.

PALL of gloom that ... so heavily over Israel ...ed perceptibly in the past ...nths. An outsider does ...ve to look far for an ...tion in this country the collective mood is so ... and quickly com...ted. The daring rescue ...on in July of the hijacked ...gers held captive at ...e Airport raised the ... of a people which has ...thing to cheer it but to depress it since the ...ippur War three years

...ion polls have confirmed ...imple explanation. One ... a few weeks after the showed that the number ...raelis describing their ... as high had risen from ... cent. to 47 per cent. as a ... of "Operation Yonathan." ...me poll reported that the ...y's security situation was ... public's least concern. ...s have sat back and ...ed the civil war in ...on, the reverses suffered ...e Palestinians there, and ...visions created by the con... ...n the Arab world with satisfaction.

...lished

... them it has given the the PLO's professed aim ...stablishing a "secular, ...cratic State" covering the ... of historic Palestine. have relished the oppor...y provided for assisting Christian villagers of the ... and arming them against guerillas. For its part, the ...li Government has been to participate indirectly in the conflict by supplying weapons to the Maronite Christians in their enclave to the north and *blocking supplies* to their enemies.

Pressure is off the front on the Golan Heights and the Syrians are unlikely to be in a position to bargain for concessions in return for the renewal of the mandate of the UN disengagement observer *force. Meanwhile, events seem* to have proved the argument of Mr. Yitzhak Rabin, the Israeli Prime Minister, that the second Sinai disengagement agreement would drive a wedge between Egypt and Syria. Their *differences apart*, Israel increased its qualitative military superiority through the U.S. weapons supplied in return for signing the accord.

Certainly, this summer has afforded relief to the Israeli public which has been oppressed by many objective factors: the *Palestinian's diplomatic successes* and Israel's increased isolation *in the world, the growth* of Arab wealth and power, U.S. moves towards a more even-handed policy in the region, demonstrations of opposition not only from Arabs of the West Bank but also those of Galilee, a desperate economic situation at home, and the lack of an effective, united *leadership for* the country. But Entebbe and *the Lebanese civil war have not* brought peace closer. Nor have they changed Israel's basic predicament posed by the pressures for a Middle East peace settlement and the patent determination embodied in the political consensus to retain territory, *much of it already settled by* Jews, that the Arabs will never renounce.

In this respect a *temporary* breathing space has been provided by Dr. Henry Kissinger's preoccupation with Southern Africa and the U.S. elections. No other country could be watching the latter more intently than Israel, where every word uttered by the candidates on the Middle East is printed in the newspapers and *their views on Israel probed* deeply. The country was shocked when in March the American Ambassador to the UN stated openly in the Security Council the Administration's objection to Israel's annexation of East Jerusalem and the establishment of settle*ments in occupied territory as* obstacles to peace. It has followed with concern growing American recognition that the Palestinians are central to the Middle East problem.

Israelis *are uneasily* aware that next year the U.S. will resume its peace initiative, *probably sooner* if Mr. Ford wins or later if Mr. Carter is victorious, and that not *only* weapons but other financial assistance on which the Jewish State is desperately dependent may in future have conditions attached. Mr. Rabin himself warned two months ago that any Israeli who doubted the intimate relationship between *Washington's reappraisal* and the supply of arms should "wake up." Only last week the ex-General Arik Sharon, charismatic hero of the bridgehead across the Suez Canal in the 1973 war, angered (or embarrassed) the Government by complaining before an American-*Jewish audience that arms sup*plies awere being delayed.

In the 1969-70 era of the Rogers Plan the U.S. sought to make deliveries of Phantom aircraft conditional on a more *flexible attitude towards terri*torial compromise, but Israel still managed *to obtain* the weapons which it wanted without making concessions. The *situation is now very different*, *not* least because of Israel's greater dependence on the U.S. for balancing its payments and even economic survival as well as military equipment. Last year American aid was the equivalent of no less than 20 per cent. of Israel's GNP compared with *only* 2 per cent. in the 1968-72 period. In the next five years the State is looking to Washington for no less than $10bn. assistance in one form or another, which could cause a political upheaval within the country.

As it is, the Israeli leader*ship as a whole is reluctant to* discuss privately or publicly the question of what territory *would* be "negotiable" (while maintaining the formal fiction that everything would be). First, there is the wish not to prejudice any negotiations in advance and to keep options open. Second, and equally important, there is a reluctance *to broach an issue on which* both the grouping and parties of the Government coalition and the opposition are divided.

Strains beginning to take their toll

By Richard Johns, Middle East Editor

It was, apparently, for the latter reason that Mr. Yigal Allon, the Foreign Minister, angered his colleagues with the publication last week of his own *ideas about territorial concessions* which Israel might make and still keep an "essential minimum" of strategic depth. Without consulting them he wrote an article for an American periodical as a political manouevre within the ruling Labour Party. Its content is an elabora*tion of his own plan dating back* to 1967, whose outline is well known. But it is worth summarising the proposals in this context because they could be said to represent roughly the middle-*of-the-road consensus on the* territories.

They would involve the return of the mountainous areas on the West Bank (excluding the expanded area of the reunited Jerusalem), with a *corridor connecting to Jericho* and the Hashemite Kingdom beyond. Mr. Allon proposes that the greater part of the Gaza Strip should be conceded and given guaranteed communications to the West Bank. Both *areas should be demilitarised* and form part of a joint Palestinian-Jordanian entity. Mr. Allon draws a line running from just east of El Arish running south-east to include under Israeli control Sharm-el-Sheikh, which commands the *Straits of* Tiran. On the Golan Heights only a slim sliver of territory is marked out for withdrawal in the plan.

Retained by Israel would be a line along the Jordan Valley, another along the eastern ridges of the West Bank hill range, and *territory around the Gaza* Strip, in addition to the bulk of the Golan Heights. As it happens, these areas correspond closely to the pattern of settlement evolved over the past nine years. Most of them were "Nahals" or military kibbutzes founded by young people doing *National Service. And the* majority now have civilian status. Their total population is believed to be not much more than 5,000, if that, and a number are very short of volunteers. Some members of the cabinet would probably regard the bulk of them as bargaining counters *for the demilitarisation of* evacuated areas. However, for a substantial minority, including the settlers themselves, any soil that has been cut by a pioneer's spade is sacrosanct and not negotiable.

The debate about settlement has itself taken place with scant reference to the UN resolution 242 of 1967, the totality of the Arab demand for com*plete withdrawal* or the international situation. More disconcerting are the historical, biblical and metaphysical arguments, rather than security con*siderations, advanced to sup*port the "right" to settle anywhere on the West Bank. They are not confined to the extreme right wing and religious die-hards. This has been highlighted by the open differences *in the leadership over* the attempt by the *Gush Emunim* ("Faith Bloc") movement to establish a settlement at Sebastia, site of the biblical capital of Samaria, near Nablus.

Hawkish

Earlier this year Mr. Shimon Peres, the tough, hard-headed and hawkish Minister of Defence, said that he had looked through the biblical text and found no logical reason for banning settlement in Samaria. The *doveish Mr. Allon came out* publicly against a Sebastia colony.

Mr. Rabin has sat on the fence and the Government has still not yet implemented its decision of last May to evict the rebels from the nearby army camp at Kaddum, to which

CONTINUED ON PAGE III

The mounting debt burden...

FOR ISRAEL the economic struggle has been as endemic as the confrontation with its Arab neighbours. Now the challenge on this front is more grave than ever and assuming proportions as big as the long-term physical threat.

Facing up to the seriousness of the country's payments deficit and growing indebtedness, the Government has set about the daunting task of attaining a measure of national self-sufficiency over the next five years and reducing financial dependence on what the central bank in its 1975 report describes with realism as "sources that may prove unstable in the long run." Success will necessarily involve an iron will on the part of the Government—and a painful austerity for the Israeli people.

Part of the critical position in which Israel, like Egypt, finds itself is very much the result of the past and continuing burden of defence spending. While developing what was in West European terms a relatively backward country at the time of independence and absorbing immigrants — the basic raison d'etre of the State —Israel has had to devote a disproportionate amount of resources to the military budget.

At the same time, to attract immigrants and prevent emigration, the Government has since 1966 consistently maintained a level of economic activity, growth and employment beyond the real capacity of the country to sustain alongside its defence commitments.

In the halcyon days between the 1967 and 1973 wars Israel was allowed a measure of self-indulgence by the unique flow of grant aid constituted by the donations of world Jewry, German compensation payments and sales abroad of State bonds. Together with funds imported by new immigrants from the West, these unilateral transfers amounted to $3.36bn. and covered 66 per cent. of Israel's balance of payments deficit. The rest of it was more than bridged by U.S. loans.

Other long-term credit and investment gave a healthy surplus on the overall account reflected by the doubling in exchange reserves in the five years up to the end of 1972—the equivalent of rather more than three months' imports at 1973 rates. In the 1967-72 period there was an average annual growth of GNP of over 10 per cent. annually and almost as much in per capita terms. Some 200,000 immigrants were absorbed at an estimated cost of $2bn.

Generous

However, well before the cruel blow from the Yom Kippur war it was clear that Israel was living well beyond its means, even on borrowed time, despite the generous flow of unilateral transfers. By the end of 1972 Israel's medium and long-term indebtedness had reached $4bn. and the $740m. cost of servicing it in that year amounted to one-third of foreign exchange receipts.

Since then the dimensions of the payments problem have greatly increased. The deficit on current account grew from $2.6bn. at the end of 1973 to $3.4bn. in 1974 and $4.1bn. in 1975. By the end of last year the outstanding long and medium-term debt had reached what the Central Bank acknowledges to be a "staggering" $7.6bn.

Meanwhile, there has been a worrying change in the make-up of Israel's debt. In 1975 the traditional sources of unilateral transfers covered only 28 per cent. of the deficit. U.S. grants accounted for another 16 per cent. and a further 36 per cent. was bridged by long-term loans, mainly American. The balance of 20 per cent. was financed by short-term borrowing.

Equally significant from the political point of view has been the growing dependence on the U.S. The contribution of American aid increased from 15 per cent. of capital imports in the 1968-72 period to 57 per cent. in 1975. American funds were the equivalent of 20 per cent. of Israel's GNP compared with only 2 per cent. in the earlier five-year period.

Equally serious, the expensive high-interest rate short-term debt, which had been a modest $190m. at the end of 1973, leapt to $560m. in 1974, $930m. in 1975. Servicing the total public debt cost nearly $1bn. in 1975, the equivalent of rather more than a quarter of the country's exports of goods and services.

In 1974 foreign exchange reserves were run down by a third to help finance the payments deficit. In 1975, because of short-term borrowing and fullest use of IMF facilities, they were held steady at $1.13bn., sufficient to cover about three-month of non-military imports at the rate at which they have run during the current year. But the reserves were less than the net foreign liabilities of the commercial banks, which amounted to no less than $1.46bn.—giving the economy as a whole a short-term indebtedness of $2.4bn.

In large measure this deterioration can be seen as the direct consequence of the 1973 conflict. In the past three years the level of military imports in real terms has been double what it was in the 1968-72 period. In 1975 they cost $1.83bn., or 45 per cent. of all imports of goods and services. Although a large part of the bill was covered by U.S. aid, local spending has risen almost as fast, however. The total military outlay for the current financial year (beginning April 1) is expected to be 35 per cent. of the budget compared with 20 per cent. in 1971-72.

Adverse

At the same time Israel was hit hard by an adverse turn in the terms of trade, higher world commodity prices and recession in its main export markets—trends which were also very much related to the 1973 conflict. They have been an important aspect of one side of the bleak picture.

Essentially, there has been consistent failure by the Government to divert resources away from domestic consumption into export production and to improve Israel's competitiveness by curbing inflation. It has baulked at the stern measures needed to shift manpower from services and the bloated administration into industry. The radical restructuring required and the lowering of inflation to a more reasonable level would probably mean a measure of at least temporary unemployment.

With the concern now about emigration as much as immigration, the Government is reluctant to contemplate unemployment above the acceptable present level of 3 per cent. Similarly, it has felt unable to bring about the drastic reduction in employment considered necessary for giving a sound base for recovery. Successive waves of austerity measures have been only partially successful because of the linking of wages and the value of state bonds to the cost of living index. Until this year wages and bonds sold locally have been tied 100 per cent. to the official inflation indicator. This has not only worked against efforts to reduce consumption but has also given tax evaders the chance to reap huge profits on their "black" money in the State securities in which secondary transactions are allowed. Inflation-proofing has become an almost sacrosanct part of the political and economic system.

Despite the seemingly punitive actions designed to reduce consumption and cut public spending, which reduced real disposable income by 3-4 per cent., consumption rose in 1974. GNP growth was calculated at 4.7 per cent. But apart from military imports, the visible trade deficit increased in real terms by 3 per cent. compared with the annual rate for the January-September of the previous year, before the war.

November, 1974, saw the Draconian package of fiscal and economic measures, including a massive devaluation, that were mainly responsible for the 56 per cent. increase in the cost-of-living index. This laid the basis for a 5 per cent. fall in real disposable income and a 3 per cent. reduction in private consumption in 1975 when the inflation rate, calculated on the basis of the official cost of living index, was calculated at 23 per cent., but would have been much higher for most consumers. Growth was calculated at little more than zero (but may have been more because of under-reporting of economic activity as a result of tax evasion).

Notwithstanding the institution of monthly creeping devaluations of up to 2 per cent. in the summer of 1975, and the 10 per cent. devaluation of last September as well as the incentives provided, exports improved by only 1 per cent.

Agriculture was responsible for this marginal gain. In spite of spare capacity and under-employment of labour on the pay-roll, industrial exports declined in real terms. The quantitative drop on imports was partly as a result of stocks built up in anticipation of the 1974 devaluation.

By the end of last year it had become fully apparent that the pressure facing Israel on the economic front was quite as critical as that on its defensive frontiers—and could prove as decisive. The need for a long-term view and the resolute pursuit of a coherent strategy, rather than the piecemeal handling of problems as in the past, was more sharply evident than ever.

BASIC STATISTICS

Population	3.49m.
Population of occupied territories	
West Bank	680,000
Gaza Strip	431,000
GNP (1975)	£174.86bn.
Per capita	£121,430
TRADE 1975	
Non-military imports	$4.0bn.
Military imports	$1.8bn.
Exports	$1.8bn.
Imports from U.K.	£237m.
Exports to U.K.	£91.3m.
TRADE 1976 TO END JUNE	
Imports from U.K.	£130m.
Exports to U.K.	£72.7m.
Currency: Israeli pound	
£1=£I14.1	

..and measures to reduce it

IN 1975 Israel's debt is expected to be calculated at $9bn. and the cost of servicing it to $1.25bn., no less than 57 per cent. of it on short-term obligations. In this highly critical situation the Government had little choice at the start of this year but to evolve a more coherent strategy and follow it with strict discipline.

The long-term objective is to cut the balance of payments deficit from $4bn. (in constant 1975 prices) to $2.2bn. by 1980. The assumption is that if the U.S. then looks after arms requirements Israel will be able to take care of the shortfall of somewhat less than $1bn. Mr. Yehoshua Rabinowitz, the Finance Minister, was recently reported as telling the administration that Israel would need from Washington no less than $10bn. over the next five years.

According to the Finance Ministry, achievement of this target will mean continued reduction of per capita income until the end of 1979, when a return to a faster rate of growth may be possible. There is a recognition that public spending must be stabilised in real terms and deficit financing—in effect resort to the bank note printing presses—cut to the limit. As for restructuring the economy, it is reckoned that industry's share of GNP will have to rise from 28 to 33 per cent. by 1980.

For the current year the modest aim is to narrow the trade deficit by $250m., with a 15 per cent. rise in industrial exports In that respect a good start was made in the first seven months of 1976.

On the debit side Israel was helped by the decline in the price of some commodities, the accumulation of stocks towards the end of 1975 in anticipation of a further devaluation, and the slowdown in the country's growth.

A small decline in traditional unilateral transfers, from $1.08bn. to $1.02bn., is anticipated, thanks to the bigger flow of U.S. grant aid (which is compensating for the loss of the Abu Rudeis oil fields last year).

The borrowing requirement should not be much more than $1bn. compared with $1.7bn. in 1975.

So far, so good. But there must be serious doubts about the Government's ability to bring about a cut in real living standards, to curb inflation and to restructure the economy along more productive, export-orientated lines. The 1976-77 budget is at least a summary of good intentions. Total expenditure is set at £I85.2bn. compared with the revised allocation of £I65.5bn. for 1975-76. This is calculated to be an increase in real terms of only 2 per cent.

Notable features are the cuts (again in real terms) of 20 per cent. in subsidies and 12 per cent. for housing in a slightly reduced investment programme. On the same basis, however, the budget estimates a 23 per cent. increase in the amount needed for repayment of domestic and foreign loans which would account for rather more than one fifth of foreign spending.

Meanwhile deficit financing has been set at £12.7bn. but is likely to exceed this figure considerably and approach the highly inflationary £15.8bn. of 1975-76.

Reforms

Incorporated in the budget are the income tax reforms decided upon last year. On the one hand the changes have been designed to eliminate tax evasion and do away with allowances. Instead there have been a lowering of basic rates and a shift in emphasis towards indirect tax.

Here the most important development was the introduction of VAT at the rate of 8 per cent. on July 1. The betting is that the numerous self-employed who have been concealing large amounts of income will find a way to avoid paying it and invest yet more money in bonds. For new issues the Government is only going to inflation-proof by 90 per cent., but they will still prove an extraordinarily good investment for those with the cash to spare. Paying interest on these bonds will account for nearly 12 per cent. of this year's budget and their accumulation will present an enormous problem when a large proportion mature in the next decade.

Mr. Rabinowitz has promised that there will be no supplementary budget. It remains to be seen whether the Government can restrain its spending. In the first four months of the fiscal year it has used up two-thirds of the deficit. Much will depend on the Government's ability to resist wage demands. Earlier this month the outgoing Governor of the Central Bank, Mr. Moshe Sanbar, predicted that in the nine months from July to next March the Government and the Jewish Agency, which is responsible for settlement of immigrants, would inject no less than I£17bn. into the economy Commenting on the 10 per cent. increase in money supply in the first half of 1976, he pointed to losses of income tax as the result of the reforms, unforeseen additions to the Government's expenses because of high inflation rates, and lagging domestic sales of bonds, down from £I2.4bn. to £I920m.

In the first half of 1976 bank credit expanded by a modest 12 per cent. Monetary policy has been as tight as ever with interest rates at an all time high.

At one level there are the loans directed to exports (10 per cent.) and preferred domestic uses (20 per cent.). Rationed by stringent liquidity requirements, "free credit," now costs 26-28 per cent. To keep their business going the banks have had no choice but to exceed the ceiling imposed and give "marginal credit," incurring fines that are reflected in interest rates of 35 per cent. or more. Growth of money supply (currency in circulation plus demand deposits) and credit lagged well behind the consumer price index, which was up 20 per cent. in the first seven months of 1976. At an annual rate inflation is now running much higher, threatening an increase of 35-40 per cent. over the full year.

The hapless Israeli consumer has already had to accommodate himself to VAT. Next month the Government plans to pass on the higher cost of subsidies on basic foodstuffs, thus raising their price by an average 35 per cent. and probably adding more to the cost of living than the 5 per cent. estimated by the Finance Ministry. If the Government has its way the rise due next month in respect of the previous six months' inflation will only be 70 per cent. of the index rather than the full amount. Such an increment would not be enough to accommodate the pressure that is building up for a much more radical adjustment.

Only when it is confronted by traditionally strong pressure groups will the Government's resolve be really tested. Under the wages agreement workers in production have been singled out for preference with the award of a 6.5 per cent. annual increase compared with 2.5 per cent. for those in services. There are signs that the Government is having some success in its efforts to direct manpower to industry, and there has been an equivalent elimination of under-employment in response to export demand. Conversely in the first quarter of 1976 employment in the public sector fell by 8,000.

Israel remains dependent on labour from the West Bank and the Gaza Strip. The number crossing the "green line" is still well over 60,000. One can only speculate what would happen if they were to disappear overnight. The dislocation would be immense. Readjustments would involve intense pressure on wages if even minimal economic activity was to be maintained.

Over-heated

Continued high employment of this labour indicates that the economy is still over-heated despite the fall in construction starts. A GNP growth of 3-4 per cent. is in prospect rather than the 1 per cent. indicated earlier this year. It appears that both private consumption and disposable income will increase marginally this year. Inflation is set for a higher rate than that recorded in 1975.

Concerned and informed Israelis outside the seemingly complacent Government are sceptical whether in the year up to the October, 1977 general election the Government will show itself capable of taking the tough action necessary to put the economy on the road to recovery.

It shaped up well at the beginning of the year. But a divided Cabinet, noted for giving in to pressure groups, does not, on the face of it, look capable of pressing home unpopular measures.

Nevertheless the feeling persists that the public, if it were presented decisively with a difficult but clear path, would be prepared to tread it. Failure of economic management at this stage could prove very dangerous for the state of Israel.

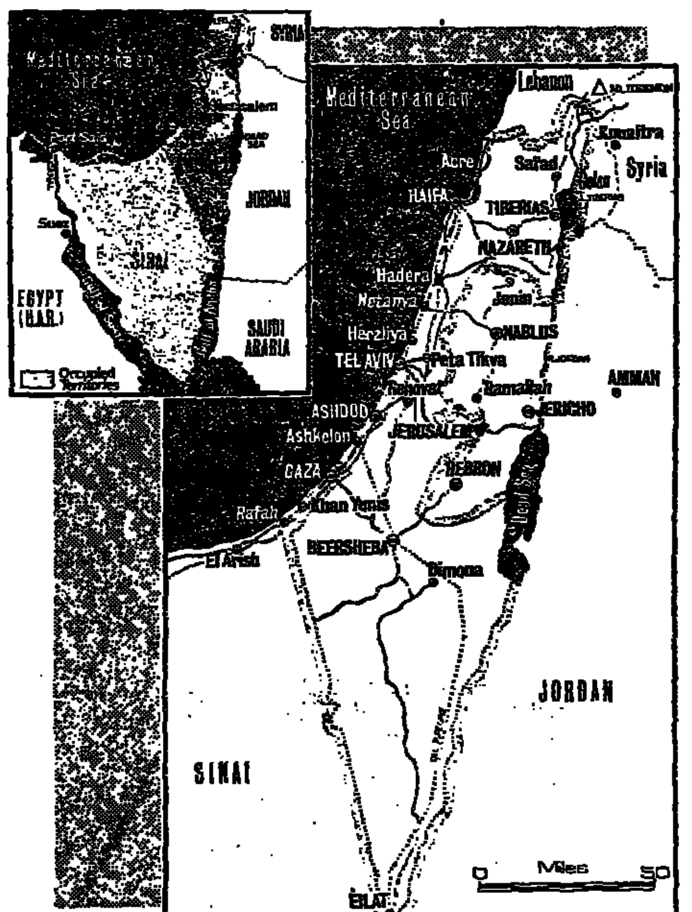
Richard Johns

ISRAEL III




Prime Minister Yitzhak Rabin: *awaiting a new mandate.* Minister of Defence Shimon Peres: *hard headed and hawkish.* Foreign Minister Yigal Allon: *"doveish" proposals under attack.* Opposition leader Menahem Begin: *his backbenchers are impatient.*

Fears of a political stalemate



AEL HAS until December 7 before the next general tion becomes due. When vote finally comes, it should only resolve some basic stions about Mr. Yitzhak in's mandate for decisive esmanship, but more signifi- tly, whether the parliamen- y system as practised since State's foundation can dicate itself once more.

Even within the inner umbers of the Labour Party ablishment the mood for re- ions — district by-elections, rsonal constituencies and the e to replace the Knesset's rty-list proportional repre- ntation — has become more rsistent *since the* Yom ppur War. But the realities coalition politics are still too rmidable to overcome, and owhere are the prevailing xpediencies more Byzantine an within the Labour align- ent.

Mr. Rabin commands a 68- ote majority in the 120-seat nicameral legislature but for at he must depend on the 10- *ember National Religious* arty (NRP), a traditional unior *partner*, and the four- an Bourgeois-Secularist Inde- endent Liberals. Within the st year the NRP's young ards' impatience with the pace Jewish *settlement* in the cupied territories has forced greater militancy on the arty's elders and the addition the cabinet of an outright vocate of the Gush Emunim ovement.

Gush Emunim's squatting tac- s on the West Bank have not ly manifested a new style of rect action willing even to fy army troops; the Mes- anic group has also challenged e conventional electoral rties' very *means of address-* g public opinion.

One important result has en to force the amorphous ass that makes up the Labour rty into a painful reappraisal its reason for being and its ospects of continued hege- ony.

When the party was put gether for the 1969 general ection with Mrs. Golda Meir the head, it effected an amal*gamation of the three historic* Socialist parties which, despite factional disputes from time to time, had dominated the Zionist movement ever since the 1930s.

Persisted

The intention was to erase gradually the old divisions, born of controversies long expired, and to rejuvenate Labour with a new generation of political talent. But contrary *to these hopes,* entrenched al- legiances, predicated on patron- age and *bitter memories, have* stubbornly persisted.

Thus the reigning tri- *umvirate of* Mr. Rabin, Shimon Peres and Yigal Allon repre- sent the thousands of *ex-Mapai,* Rafi and Ahdut Ha'Avoda faith- ful, respectively — even though the former factions have no relevance to the current contro- versies. Jerusalem's mayor, Teddy Kollek, and Yitzhak Navon, chairman of the Knesset *Defence and Foreign Affairs* Committee, for example, are among the most articulate of doves, yet in party terms they remain the nominal Rafi allies of the relatively hawkish Mr. Peres.

Labour's consequent standing as an ideological supermarket is a principal reason for Mr. Rabin's reluctance—other than verbally—to face Gush Emunim head-on. That hesitation has now begun to tell in the other *direction.* Mapam, the anti- expansionist Marxist party that *appeared on* a joint ballot with Labour in the past two General Elections, *is likely to run* separately in 1977, sensing that alone and thus uncompromised, it might well improve on its current four Knesset seats.

Other defectors from Labour have joined the moderate reformist *Shinui (change) and* Citizens Rights parties which sprouted after the 1973 war. More may follow the banner of Professor Yigael Yadin, the archaeologist and former chief of staff who in recent months has been testing the political winds with a call for a supra- *ideological* party.

The erosion in Labour's ranks is not perceptibly matched by increased sympathy for the major opposition bloc, Likud. But it is Likud that is hopeful of most benefiting in the end, *perhaps to the point of return-* ing to the coalition, which they left over opposition to the 1970 cease-fire along the Suez Canal.

Some optimists do not dis- miss the chances of a Likud plurality that would give it the *right at least to attempt* the formation of a government.

The Likud is an uncomfort- able joining of the nationalist Herut Party, the Liberals and *an assortment of fringe poli-* ticians whose common denomin- ator is stiff resistance to Israeli withdrawal from occu- pied territory. Its parliamentary leader, Menahem Begin, com- mander of the pre-independence Irgun *Zva'i Le-Umi* under- ground movement, has clung to his title despite gathering im- patience among back-benchers with his old-fashioned rhetor- *ical flourishes and* what many of them regard as an obsessive concern with territorial ques- tions.

The Likud's best drawing card is former General Arik Sharon, nominally a Liberal Party mem- ber and a *scathing critic of the* Rabin Government's record since his resignation after one year's unhappy service as the Prime Minister's special adviser. General Sharon's battlefield per- formance against the Egyptians *in 1973 invested him with* some measure of the charisma once enjoyed by Moshe Dayan but he had only limited success in his brief post-war stint as a member of the Knesset.

With the nation's frontiers *calm,* economic issues promise to be Likud's most potent issue but in fact it has proven rather ineffective at posing alterna- tives to the creaking infrastruc- ture built up over the years by Labour and the Histadrut, the *national trade union federation.*

If, as appears feasible, Likud should improve considerably on its parliamentary strength, it will have the most dramatic effect on Israel's border policies. Likud and the NRP, together with like-minded labourites such as Mr. Peres, could insist *on a vigorous Jewish settlement* programme throughout the West Bank that left little room for diplomatic manoeuvre on the Palestinian issue.

That, however, is not the worst thing that many Israelis can imagine. A *harder stance* on occupation may be debatable *on its merits.* But a coalition in which the opposing sides ultimately block out each other to the point of paralysis would spell disaster.

Under such conditions Israel could only hope for a strong Ben-Gurion-like figure to lead it out of the wilderness. Lack- ing such a man to galvanise the nation, the search for effective government could turn out to be a very daunting task.

Tom Ackerman

Strains

CONTINUED FROM PAGE ONE

ley were confined last ecember.

Less publicised has been the ontinued enclosure of land at trategic points along the West ank's hill range for "military urposes." As often as not in he past this has been followed y *expropriation* (with com- ensation offered but not ccepted) and then settlement. The eruption on the West Bank n March was very much elated to the advance of the Palestinian cause in the world rena and the feeling that the ccupying power was losing ground. However, what the Arabs see as creeping annexa- ion has remained a source of liscontent and could yet be a lash-point for more violence. "It is like putting a nail in he coffin of peace," according to the Mayor of Bethlehem, the one pro-Hashemite tradi- tionalist to retain his seat in the April municipal elections.

Despite the election of Nationalist and Marxist mayors to the other municipalities, the West Bank has remained quiet since the late spring. While the new *office-holders have* busied themselves with local *affairs,* the radical *population* seems to have been perplexed by the Palestinian reverses in the Lebanon. At the same time the Gaza Strip, the trouble-spot in the early days of the occupa- tion, has been a model of tran- quillity where the gain in living standards and full employ- ment has been more appreciated than on the West Bank. Despite the economic slowdown in Israel over 60,000 people are still crossing the "green line" *daily to work in Israel.*

More disturbing than the West Bank riots were those started by Israel Arabs on March 30 in Galilee. There, too, the Arabs have been exposed to the winds of Palestinian nationalism through the open bridges to the West Bank, and no doubt there is *truth in the* Israel line about Communist inspiration.

Yet it was Government plans to expropriate land for Jewish settlement in the predominantly Arab triangle which prompted the *one-day strike and the* demonstrations in which six of the rioters were killed. Israelis can never be complacent again about their Arab citizens, who account for 15 per cent., and a growing proportion, of the State's population.

On the economic front Israel has *never been so pressed.* Last year the trade deficit grew to $4bn., compared with total exports of goods and services of $3.5bn., and indebtedness grew alarmingly, to $7bn. despite a substantial inflow of unilateral transfers and *U.S. grant aid.* The Government has taken a series of tough measures over the past two years, and in the first half of 1976 there was an encouraging improvement in the trade figures. The treatment re- quired *is* well appreciated—a fairly drastic cut in private con- *sumption and strictly controlled* public spending on the one hand, and a painful reallocation of labour to export-orientated in- dustries on the other. Doubts remain, however, as to whether the Government is politically capable of administering it fully. Clearly, it is not pre- *pared to contemplate a correc-* tive measure of employment in the run-up to an election and at a time when there is growing concern about emigration (find- ing out more about attitudes of the 300,000 Israelis living *abroad is a growing preoccupa-* tion of the authorities).

Next October Israel goes to the polls to elect a government for another four-year term of office. As he steps up his public appearances around the country, Mr. Rabin *cannot feel confident* about the prospects for him and *the Labour Party.*

Appointed in the summer of 1974 as successor to Mrs. Golda *Meir, the Premier successfully* negotiated the second Sinai dis- engagement agreement but has not fulfilled the hopes placed on him as a fresh *political* face from outside the self-perpetuat- ing hierarchy of the grouping that has been in power since the birth of the state in 1948. All the indications this year have been that the right-wing Likud *block has been gaining ground* steadily and will increase its *share of the vote, even if it has* hardly excelled in opposition.

Though by no means united on the territorial question, this alliance of four parties is gen- erally hawkish, and *stronger* representation in the next *Knesset would undoubtedly* mean a tougher Israeli attitude towards withdrawal at a time when U.S. pressure for a settle- ment is building up momentum.

The possibility *of it forming* a government with the main re- *ligious party, which is similarly* hawkish about the West Bank, and right-wing defectors from the Labour Party in a general realignment cannot be ruled out. A year ahead is a very long time in Israel and the Middle East. But *at least it can be said* that the coming year will be one of the most *critical in* the State's history.

Weapon production on the increase

UNRELIABLE SUPPLY lines in the mid-1960s forced Israel to intensify research in local defence production. To-day, while not fully self-sufficient, this country makes its own fighter jets, missiles and cannon, as well as fostering a rapidly growing weapons export business which, according to latest figures, brought in $200m. last year and will exceed $300m. in 1976.

There are four major bodies connected with the Israeli aircraft and weapons industries. Israel Aircraft Industries (IAI), employing about 20,000 workers, is one of the largest. Annual sales exceed $320m. and exports this year are expected to reach $120m. There are also the Taas military arms industries which concentrate on small arms and ammunition, Rafael, the Government armament development authority and the Israel Shipyards in Haifa.

Most of the details of the defence industries are classified and most reports out of Israel have to be prefaced with the phrase "according to foreign news reports." This is often the Israeli Government and media method of attribution when dealing with secret developments. This way it is much easier to deny should revaluation later become uncomfortable.

The Kfir Mach 2.3 fighter-*interceptor has been in use* with the IAF for several years and was recently offered for export with a $5m. price tag for the basic aircraft. No production figures are available but IAI can make the Kfir faster than the IAF can afford to buy. The latest aeronautical additions to the Kfir make it the most manoeuvrable aircraft of its kind on the market. Foreign pilots who have flown it compare it to the latest French and Soviet planes and a match for the Mig 23. But it costs about 30 to 50 per cent. less than its competitors.

Austrian pilots have already tested the Kfir and a top level Austrian decision is expected soon on whether or not to buy 24 of the Kfir planes. Some European countries, South Africa, and Brazil are also thought to be potential buyers.

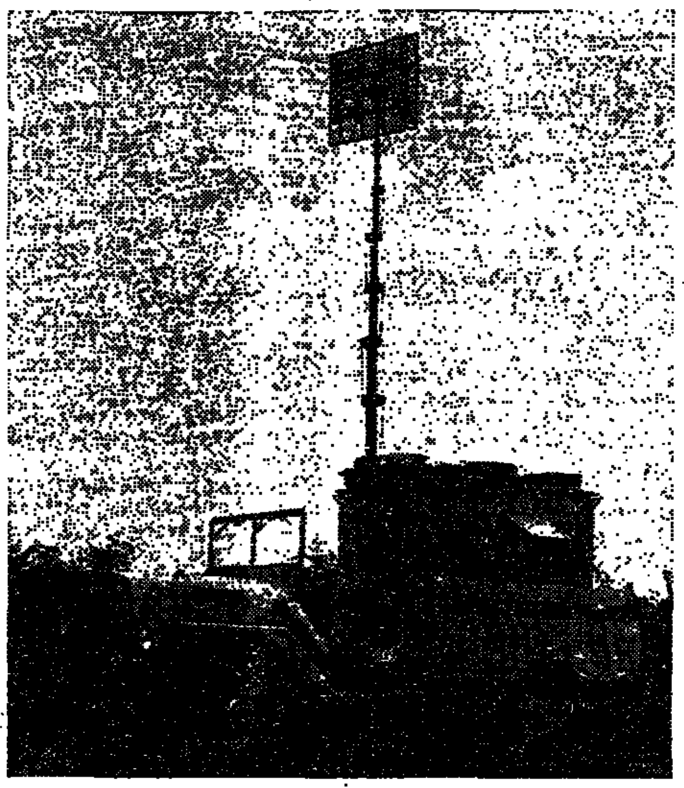
On the civilian market, Israel exports the Westwind 1124, an executive jet based on the Rockwell Commodore and which costs about $2m. Realising the need for a low priced roomy transport, capable of short take off and landing (STOL) abilities, Israel developed the Arava multipurpose plane which can carry either 24 armed troops or 2.2 tons of cargo. Priced at one million dollars, it is cheaper than its nearest competitors and offers a bigger payload.

Helicopter

Foreign press reports say Israel is planning to enter the helicopter manufacturing field using American technology. This is not confirmed here but various types of repair and maintenance work are carried out in the IAI factories.

A joint Israeli-French factory produces jet engines for aircraft and helicopters as well as a wide variety of gas turbines. Bet *Shemesh Engines Limited* has an annual turnover of $7.3m. of which $2.1m. goes to exports. Another company geared to the aerospace industry is Iscar Blades which produces jet engine airfoils, compressor rotor blades and vanes. Projected 1976 exports are $4m.

There are three major names in the Israeli-made missile field. They are the Shafrir, an air-to-air, solid-state missile similar to the American Sidewinder. It was developed independently because of American reluctance to give *missiles to Israel.* The second is Gabriel, a highly successful sea-to-sea missile, the only such missile in the West which is fully battle tested. Mounted on Israeli-made missile boats during the Yom Kippur War of 1973, these missiles destroyed more than a dozen enemy craft. South Africa is thought to be among buyers for this missile system. The third is Jericho, a missile which no Israeli will confirm exists, yet which international military journals discuss in detail. A *surface-to-surface weapon* with a range of up to 600kms., it was developed in co-operation with the French Dassault aircraft factories. It is said to be capable of carrying a nuclear warhead.



The Tadiran TRC-645T military communication facility, which combines multiplexing with radio relay equipment to provide a high-efficiency mobile information link.

In the naval field, the local shipyards produce the Saar class missile-boats with speeds of over 34 knots. These 430-ton vessels carry Gabriel missiles, cannon, anti-aircraft guns, and torpedoes. Two are currently under construction for the South African Navy, according to certain sources, which also claim that the Israeli-developed Dabur, a 65-foot, twin-screw gunboat is being manufactured under licence in the South African Sandhoek-Austral shipyards.

As well as adapting American and captured Soviet armour and tanks, improving engines and increasing firepower, Israel has designed and built its own multi-purpose light armoured vehicle. Called the "RBY," this contains several unique features for patrol and riot control work.

Telecommunications play an increasingly important part in modern warfare and Israel excels in this field, producing sophisticated radar systems for ground, shipborne and airborne uses. These are exported to 40 countries, including Europe, South America and the Far East. The major manufacturer of these systems is Tadiran Electronics. The IAI subsidiary ELTA also designs, develops and produces various forms of microwave, radar and communications systems.

There are rumours abroad that Israel has the atomic bomb, rumours never officially confirmed or denied here. However, the two Israeli atomic reactors are no secret. These are the 5 MW model at Nahal Soreq and a top secret, closely guarded 24 MW reactor in Dimona, on the edge of the Negev Desert.

According to foreign sources, if there is an Israeli A-bomb, then it is produced in Dimona, where the French reactor is similar to the Canadian one which gave India a nuclear capability.

Mortar shells, bombs, cannon, machine guns, and other weapons are also made in the local factories. Among these items is a 155 mm. self-propelled gun, the L-33, with a 20-km. range.

With the Uzi sub-machine gun standard issue in some Western armies, Israeli experts went on to develop the "Galil" assault rifle. This has a range of 650 metres and can fire 100 rounds a minute. Apart from assault use, it can be used by snipers' on a bipod for use as a *light machine gun and*, with a special attachment, double as a light mortar launcher.

Israel's major problem is a shortage of raw materials suitable for the defence industries. This is overcome in part by selling arms for raw and semi-processed materials, which ensures that supplies do not depend on the political whims of normal trade.

The realisation that Israeli-made arms could save foreign currency and help make the *country self-sufficient in* war material received an added bonus from its exports. Israeli Defence Minister Shimon Peres said only last week that Israeli defence exports would increase from $320m. this year to $1bn. within a few years.

Peter Allen-Frost

Israel's Kfir jet fighter with its armament laid out in the foreground. It was recently offered for export at around $5m.

Electronics expansion

THE 1967 WAR provided the major stimulus for Israel's electronics industry which is now one of the fastest expanding sectors and a front-runner in the country's export drive.

Increased defence requirements and the need to satisfy them as much as possible from domestic production was one factor. Maximum encourage*ment was given at Government* level. The second major factor behind the rapid expansion was the sudden inflow of investment from the U.S. where only a handful of electronics companies were active before 1967. There are about 50 now including some kibbutzim making components. No less than 27 have their own research and development departments.

It was two years after the six-day war, in 1969, that GTE International (U.S.) bought 35 per cent. of Tadiran Electronics, later increasing its holding to *50 per cent. The other half is* owned by the Israeli Histadrut Labour Federation holding company, Koor.

Tadiran is the country's largest electronics firm with a projected turnover this year of £I1,500m. (about £100m.). Its export figures have jumped from $18.8m. in 1974 to a projected $75m. this year.

Ventures

Tadiran also has a number of joint ventures abroad, like its partnership with Conlite in South Africa. The joint company Tadior produces emergency lighting equipment. Maintaining sales contacts in 51 countries, Tadiran has offices in Peru, Venezuela, Taiwan, South Africa and Iran.

It is far from the only Israeli electronics company with U.S. connections. Some 30 per cent. to 40 per cent. of the Israeli science based industries have foreign partners, most of them American.

Another front runner in the electronics field is Motorola (Israel) Ltd., a wholly-owned subsidiary of the U.S. parent. The company makes two-way communications systems, data transmission units, supervisory and remote control systems and military electronics. Company officials predict a sharp rise in sales abroad this year as output is to be raised sharply. Motorola (Israel) exports to the U.S., Europe and Africa.

Another fully-owned U.S. firm is Vishay (Israel) a subsidiary of Vishay Intertechnology of Malvern, Pennsylvania. Vishay produces high precision resistors used in the U.S. space programme and a unique range of electronic and stress analysis components.

U.S. technology has also assisted research at Israel's main scientific research centres which have themselves been a major stimulus to the development of the native electronics industry. The Technion Institute in Haifa, the Weizmann Institute of Science at Rehovot and the Hebrew University have all provided know-how for companies.

At Haifa and Rehovot, plants have been established in the *industrial parks* adjacent to the research centres. In some cases the centres have even studied *the commercial* aspects of the research being carried out.

Elron, for example, the country's second largest privately-owned electronics company is based in an industrial park in Haifa.

The offspring of the Haifa Technion, Elron is actually the holding company for a number of science based industries. One of them is Elbit Computers which, with a major American partner, designs and manufactures minicomputers, computerised systems and terminals *for the defence industry and* civilian market. Its exports are running at about $9m. annually.

A second subsidiary called Elscint makes medical equipment primarily for export. It has just developed a new $600,000 X-ray computer-automated tomography system and the first order from the U.S. is already in hand. Exports by Elbit and Elscint alone in 1975 were over $14.2m.

Israel Aircraft Industries, which is wholly owned by the Israeli government and is now a major manufacturer, has several electronics subsidiaries. Elta Electronics Industries produces a wide range of ultra-sophisticated UHF communications equipment, automatic and semi-automatic test systems as well as radar for land, sea or air.

Another IAI subsidiary, MBT, produces the Gabriel missile system (the only fully battle-tested sea-to-sea missile in the West) of which $250m. worth have been sold abroad. The company also overhauls the American-made Hawk ground-to-air missiles, designs and produces an electronic fail-safe fence, and makes other weapons systems.

Also in the military field is American Electronic Laboratories (AEL). This company designs and develops special purpose electronics military systems. The annual sales turnover here is about $10m. of which about 10 per cent. is sold overseas.

Medical

Another field rapidly growing in Israel is the production of nuclear medical electronics equipment, which is today being exported to almost all countries of the world.

MG Electronics, a subsidiary of Mennen Greatbach of the U.S., produces patient monitoring and diagnostic systems and instrumentation. Their overall sales this year will reach £I46m. and exports are expected to be $3.5m.

Israel Electro-Optical Industry produces its own range of optical, electro-optical, and electro mechanical devices. Annual turnover is about £I105m. with exports of $1m. annually.

The textile industry has proved a lucrative field for several computer-oriented companies including Sci-Tex. Using aerospace knowhow, this company designed a computerised system which took the arduous work out of translating artists' designs into instructions for knitting and printing machines. An original artwork design is placed in one machine, which automatically scans it, feeding instructions utilising up to 12 colour tones into a computer. Some 50 such units are in use throughout the world. Sci-Tex's 1976 sales will reach $8.5m., all on the export market since the local textile industry is not sophisticated enough for the Sci-Tex technology.

Using computer technology, Arel produces control systems for the dyeing industry. Its machines can handle individual controls for a series of dyevats and production lines

Electronically controlled irrigation systems look like providing Israel with a substantial export trade. These systems provide not only the requisite programmed quantities of water for each crop but also shut themselves off should wind conditions prevent the correct water distribution. These systems are already in operation in some dozen "kibbutzim" and American agriculture officials have expressed strong interest in this field.

About 30 enterprises make various electronic products as part of the general drive of the kibbutzim towards industrialisation. Many of these plants are still in their infancy. The latest figures for the electronic and electric sections of the kibbutz industry show overall sales of £I178m. with exports worth about $3m.

It is difficult to put an exact figure to the amount of electronics exports since they are listed together with metal products, many of which incorporate electronic elements. But it is significant that export by this industry rose 38.2 per cent. in 1975 to $296.6m. fob net from $214.6m. in 1974. A similar rate of increase (37.2 per cent.) was observed in the first half of this year, with imports in the six-month period reaching $190m. against $138m. in June, 1975. Part of this figure, of course, represents military equipment, for which no breakdown is available.

Israel's natural resources are *very limited* and if the country is to find its way out of the economic morass it is currently in it will have to be by exploiting its reservoir of scientists and research. The percentage of academics in the labour force (over one in 40 of the total population) and the increase in immigrant Jewish scientists from the Soviet Union and the West has put it in an excellent position to develop a substantial sophisticated electronics industry.

With its connections with the European Economic Community, U.S. corporations in particular are realising that, using Israel as a base, exploiting the brain pool and low (compared to the U.S.) labour costs here they can get into Europe at preferred rates.

L. Daniel and Peter Allen-Frost

Trade gap begins to narrow

ME IS running out," reads sign on the wall of the Israel ufacturers' Association — an reminder of the need to ce Israel's trade deficit. ough it was cut last year by per cent. in relation to 1974 ($2.3bn.) as a result of a per cent. drop in imports ecting both consumer durs and investment goods), trend has to be accelerated the target of cutting the cit by half by 1980 is to be hed.

he picture did indeed imve, considerably in the first ' of 1976, when exports of ds jumped by 18.1 per cent. $1.1bn., while imports lined by 3 per cent., thus ucing the trade deficit by 8m. (or 21 per cent.) to 5m. The total reduction in deficit for 1976 likely to ount to between $280m. and 0m. This would be in line h the Ministry of Commerce Industry's target of increas- exports by $300m. per num and to save another 0m. of imports by reducing import content of local nufacture, by replacing semished products by raw terials, by re-cycling raw terials, such as paper and stic, and by reducing energy nsumption based on imported years. A programme has been drawn up (and already partly implemented) which includes the establishment of a body like Britain's Export Credit Guarantee Department, with the guarantees applicable also to credits granted by the commercial banks out of their special export funds. Central storage depots are to be set up in Europe to spare potential customers special visits to Israel; performance guarantees will be given to buyers abroad: exporters will be able to insure themselves against default by their overseas clients.

The sector in which the export drive is expected to develop—electronics and other science-based industries; metal products; textiles, chemicals and pharmaceuticals; diamonds; and agricultural products—is confirmed by the Jan./June 1976 statistics. Whereas polished gem diamonds continued the largest single item with $329m. (up 20.7 per cent. in the first half of 1975), their added value is relatively low (maximum 25 per cent.) as the roughs have to be imported. In contrast, agricultural exports, which rose by 23.5 per cent. to $242.7m. in the first half of this year, have a very high added value, up to 80 per cent.

What is equally interesting is that while sales of Israel's staple agricultural line, citrus, rose very little, those of other unprocessed agricultural produce soared by over 74 per cent. to $97m., reflecting Israel's efforts to become Europe's greenhouse during the winter. No doubt this figure will show a further increase in view of the European drought this year, permitting increases in shipment and likely to result in higher prices.

As to industry other than diamonds, the overall increase was 20 per cent. if mine and quarry products (copper, potash, etc.) are excluded. (These dropped sharply by 37 per cent. to $36.6m.). The most significant gain was in electronics and metals—by over 37 per cent. to $190m. This was followed closely by textiles, fashions and leather goods with a combined total of $88m. (up 26.8 per cent., of which 20 per cent. represented a rise in real terms). Processed food at $64.3m. was up 12.5 per cent.; wood and paper products at $42.7m. up 11.9 per cent., and chemicals, rubber and plastic products with $136.6m. up 5.2 per cent.

One problem frequently raised is the Arab boycott, especially by those who do not realise that it does not apply to trade with Israel but only to participation in Israeli enterprises. It is difficult to estimate the number of companies which did not enter into licence, production, or financial agreements with Israeli companies for fear of the boycott. Of those which ignored it, the major ones feel that if their products are needed by the Arab countries, they will buy them, boycott or no boycott. Landrovers were the standard vehicle of the Palestinian guerillas at the time that Leyland was on the "black list."

ervice

Exporters could indeed step their sales abroad considerly even now but for three ctors — the trend of workers to service rather than manucturing industry, particularly women, at a time when the ctories are crying out for ditional labour; the continug high rate of inflation fficially forecast at 34 per nt. for 1976, but likely to ceed that figure) and the sultant buoyant home demand, hich accounts for the fact that nly some 300 firms (out of a otal of 2,350 industrial enterprises) account for 90 per cent. of all exports.

The mini-devaluations of the Israel pound (which may not exceed 8 per cent. in any four-month period) have enabled export industries so far to expand despite the inflation, but more measures are needed to enable exporters to take full advantage of the opportunities offered by the agreement with he EEC, under which Israeli ndustrial products will enter he Common Market at zero ustoms duty from July 1, 1977, nd to develop markets which hitherto have played a relaively minor role in the overall rade picture, such as Australia, outh Africa, Nigeria, Japan, Hong Kong, Singapore, Taiwan, Ecuador and Venezuela.

The Ministry of Commerce and ndustry is determined not to ut all its eggs into one basket, ut to continue the development f outlets outside the EEC. As f now, 40 per cent. of Israel's xports go to the Common Market and a further 20 per ent to the U.S., while 50 per ent. of imports come from the EEC and 20 per cent. from the J.S. On the basis of individual ountries, the U.S. remains srael's biggest supplier and rading outlet.

But Britain has regained its place as the second largest market and supplier (temporarily seized by W. Germany, which now once more ranks third). Britain in 1975 was srael's biggest outlet among the EEC countries with purchases valued at £91m. (mainly citrus and other agricultural produce, plywood and textiles), accounting for one-third of total Israeli exports to the EEC in that year.

But Israeli imports from the U.K. vastly exceeded exports to he U.K., having amounted to £214m. (one-third of this constituted British re-exports of rough diamonds). In fact, Israel's purchases from the U.K.—consisting of metal products, textiles, electronics and various raw materials—gave it third place on the list of countries with which the U.K. has a trade surplus.

But the Commerce Ministry is determined to take full advantage also of the GSP (General System of Preferences) status granted to developing countries, including Israel, by the U.S., Canada, Japan and all the EFTA countries among others, a system which provides for duty-free entry of a limited number of items into these countries. In addition, the Ministry each year defines a number of "target countries" and exporters to these destinations receive special assistance for participation in fairs, advertising and other forms of export promotion.

But as Dr. M. Mandelbaum, Director - General of the Ministry, acknowledges, all this is not enough. Profitability in export industries, barely held steady so far, will have to be increased by 5 per cent. annually over the next three

Partners

Other companies which have become partners in Israeli concerns (as distinct from those which established fully-owned subsidiaries under their own name) frequently prefer to keep a low profile so as not to provoke a confrontation. Many of them are among the biggest in their respective fields worldwide.

One figure released recently shows the trend. The 150 American companies operating in Israel were joined by an additional 30 in 1975. Moreover, the agreements of other Mediterranean countries with the EEC (Maghreb and Masreq) will involve a commitment of non-discrimination.

Israel's own agreement with the EEC (in which any concessions to other Mediterranean countries over and above those granted Israel so far are to be incorporated) should undoubtedly stimulate investment in Israel on the part of countries not enjoying the Israel zero-duty on industrial goods effective on July 1 next.

The Israel Government has adopted an investment policy (applicable to foreign and local companies) which must be among the most attractive in the world. All exporters get a return of customs and indirect taxes which have to be paid by those not exporting their products. New companies will get outright grants ranging from 5 per cent. to 30 per cent. according to the region in which the plant is set up. These grants, together with long-term development loans, will come to 50 per cent. to 60 per cent. of the total investment cost.

Special additional grants are given to those new companies producing for export, which means that the investor has to produce less than a quarter of the investment if he goes to a Grade A development area. Moreover, new plants will pay only 49 per cent. company tax on distributed profits (against 67 per cent. for existing ones) and 40 per cent. on undistributed profits (against 60 per cent.).

Moreover, the Ministry participates to the extent of 50 per cent. in all R and D (70 per cent. in development areas) which together with the low Israel salaries (as compared with the Continent or the U.S.), accounts for the rapid development of science-based industries in the past few years.

The essential target of the reduction of the trade gap by increased exports therefore hinges on the Government's ability to reduce the rampant rate of inflation which in turn drives up wages and encourages home demand, and to reverse the trend of manpower going into services rather than industry. Attempts so far have failed completely, and the one remedy of halting wage increases—mass unemployment—is clearly contra-indicated in Israel's political situation. Yet something will have to be done, and done quickly, in view of the ever-rising defence expenditure (imported inflation) and the likelihood that U.S. aid in real terms will tend to decrease rather than increase in the years to come.

L. Daniel
Tel Aviv Correspondent

Diamond industry adapts to demand

WITH EXPORTS of almost $400m. for the first seven months of this year, compared with $548m. for the whole of 1975, the Israel diamond industry finds itself taking advantage of the continuing strong market for melees, the popular small to medium sizes in which it has long specialised and which have been least affected by economic conditions abroad.

Diamond men are quite satisfied that their investments in automatic finishing equipment is paying off by permitting the industry, without sizeable additions to its 10,000-man production force, to meet the current high demand. At the same time it is said that, despite widened use of the new automated equipment, quality is being maintained or even enhanced. After experimental beginnings in 1974, various mechanical units developed and produced in England, Israel and Belgium are now familiar sights in Israeli diamond polishing plants.

American diamond jewellery buyers—members of a study mission from eight U.S. States—inspecting automated diamond polishing equipment in an Israeli plant.

Boost

Israel's gem diamond exports of $390.8m. in the first seven months of 1976 compared with $323.3m. in the same period of last year. This 20.8 per cent. boost was not based on price inflation, as proved by the figures for carats polished and shipped abroad — 1.9m. carats compared to 1.6m. a year earlier, or an increase of 19.6 per cent. After predicting last year that $700m. of annual exports were in the offing, ever-optimistic Moshe Schnitzer, President of the Israel Diamond Exchange, is now calling upon his colleagues to start thinking about a billion-dollar export year before the end of the 1970s.

The upswing in diamond exports, Israel's largest industrial foreign trade branch, is based to a large extent on the prospering jewellery business in the U.S. After an extended period of maintaining tight inventories, American jewellers are again stocking up to meet healthy retail demand, which is expected to continue through this election year and through 1977.

While American demand is dominated by the popular wedding ring sizes, the dip in gold values is said to be contributing to an increasing tendency by North Americans to consider the investment side of diamond buying, as do many Asians and Europeans. This has helped to increase exports of top-grade goods of one carat and more which in recent years have been added to the lines of Israeli diamond firms. Their intention, in part, is to provide a wide range of goods for the international diamond buyers who make the trip to Ramat Gan, headquarters of the Israeli Diamond Exchange, several times yearly.

Another step which, it is believed, will contribute to a further expansion of the industry is the planned entry into the production of "Achtkant" or 8/Cuts, for the first time. The industry has made arrangements with the Ministry of Labour to support the training of 4,000 new diamond workers for this purpose.

While larger production units, with several hundred workers and new automatic equipment, are the preferred basis for expansion, the Israel industry is troubled by a tendency toward fragmentation at the production end. Because of income-tax and other considerations, skilled employees are drifting from the larger plants to form small groups of sub-contractors. This phenomenon slows up the chain which has made the Israeli finishing procedures economic, inhibits investment in automation and places diamonds in somewhat less secure hands than those of the larger plants. Of the 600 diamond factories and workshops in the country, only about 70 employ more than 50 workers.

The bi-annual congresses of the International Diamond Manufacturers' Association and the World Federation of Diamond Bourses will next take place in Israel to coincide with the opening of a massive new wing, which will triple the office capacity of the eight-year-old, 28-storey Israel Diamond Exchange, in which several dozen foreign firms maintain permanent offices. A further 46 foreign diamond merchants have bought space in the new wing already. With several smaller new diamond and precious stone trading and office buildings, as well as a gemological institute in the neighbourhood, an impressive diamond complex is growing in Ramat Gan, on Tel Aviv's northern border.

L.D.

Need to fill the energy gap

JUST A YEAR has passed since the Western Sinai was signed back to Egypt and with it practically all the oil that Israel for a time had been able to call its own. More than half the nation's consumed fuel—previously. home-pumped—was suddenly adding at least $200m. to the import bill.

Iran (with Venezuela and Mexico as supplementary alternates) was ready to fill the order as it had already been supplying the balance of Israel's requirements of crude. But in their isolation among the community of nations, the Israelis found themselves treading that much deeper into a sellers' market where more than two-thirds of available reserves are controlled by hostile Arab and Eastern bloc producers.

American compensation, both financial and political, helped Israel get over the initial trauma. But the intervening period has irrevocably impressed upon Jeruasalem the urgency of self-reliance in energy and, by corollary, the abandonment of oil-based technology as much and as quickly as possible.

With crude consumpiton holding this year at an estimated 7.5m. tonnes—practically level with 1975—the Government has felt secure enough to press ahead with a long-term programme predicated heavily on coal and nuclear power.

The national power utility currently responsible for one-third of total oil consumption, plans to open its first 350MW coal-fired plant outside Hadera by March, 1980. When the four units there—all oil-compatible—are completed by the middle of the decade, fully 40 per cent. of Israel's installed generating capacity will be driven by anthracite at a rough annual rate of 3.5m. tonnes. While all available Western sources are still being examined, negotiations with South Africa have already begun for the first 1m. tonnes order.

Boldest

Until this month the boldest moves had been directed towards the nuclear option. The electricity company's plans assumed that by 1990-91 at least 30 per cent. of national generating capacity would be dependent on American-made reactors. The immensity of the commitment had been underscored in the agreement initialled with Washington, and currently pending Congressional ratification, to build the two pioneer light-water plants at Neitzanim on the southern Mediterranean coast, to an initial capacity of 900MW each. By contrast, Egypt's parallel deal with the U.S. calls for only 600MW.

The timetables targeted the first Israeli unit to go on stream in 1985, followed by the companion plant in 1987. But those projections were upset when a Cabinet committee rejected the $1.5bn.-$2bn. price tag and referred the nuclear programme back for indefinite further study. That may mean a delay of at least 18 months.

The issue of adequate safeguards and ecological side-effects has drawn little public debate as yet, perhaps in reaction to repeated official assurances that the reactors must and will set global standards for precautionary measures against enemy attack.

The nation's meagre potential for hydro-electrical power is also being pursued, though at somewhat lower priority. After decades of inspired musing dating back to Herzl, the concept of a gravity pull hydro-power canal linking the Mediterranean with the Dead Sea is finally past the stage of feasibility study. A Commerce and Industry Ministry unit is due to present its specifications for the 300MW project by mid-1978, after which the 40-mile long excavation should get underway.

Pump storage facilities at the Jordan River's entry point into the Sea of Galilee will add 100-300MW of available power.

Whatever cautionary lessons emerged from the surrender of the Abu Rodeis oilfield, the search for local oil deposits has not been restricted to the pre-1967 borders. The current five-year programme of accelerated exploration calls for an outlay of about $200m. Up to 15 test drillings are proceeding at sites ranging from Ramallah on the West Bank, Caesarea along the northern seacoast, Heletz, the first and only commercially significant field within Israel proper, and along the Gulf of Suez shore that remains under the Israeli flag.

At Heletz, first drillings have begun to an optimum depth of 6.5 kms. Previous Israeli borings had not exceeded 4,000 metres, largely because of the uneconomical return on investment in the palmy days before the 1973 war.

The National Oil Company, an amalgamation of several local concerns, is preparing a second offshore boring north of A-Tour after an initial site in the Ras Gara area proved dry. Jewish-American investors, including the builder Mr. William Levitt and the Detroit industrialist Mr. Max Fisher, have been prominent among the foreign interests that hold a 25 per cent. stake in the drilling off the southern Sinai. A separate Gulf project employing diagonal drilling from the shore is proceeding without foreign particiation.

Fed-Oil, formed with German partners by local hotelier Xiel Federman, has been slow to take up its option to explore the littoral shelf opposite southern and central Israel and, for the moment, is not acting on its earlier declared interest in the desert area west of the Dead Sea.

A major delay appears to have afflicted another by-product of the Sinai settlement—the $150m. construction of two subterranean oil storage reservoirs capable of accommodating up to one year's emergency stocks. Government officials now cite unforeseen seepage problems at the 4m.-tonne capacity sites near Eilat and Ein-Ziq, but some opposition part leaders contend that the Government's rejuggling of budget lines is the real cause of the fallback.

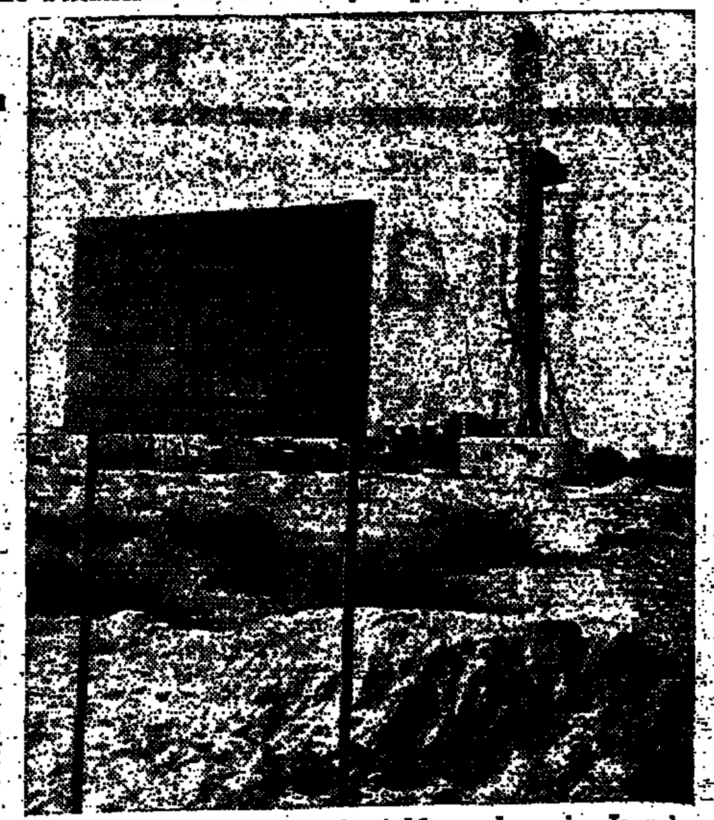
Solar energy research, long regarded as a forte of Israeli technology, has of late suffered from a dearth of Government seed-money despite projections that electrical and thermal supplies from solar conversion can meet up to 15 per cent. of the nation's energy needs by the end of the century.

Tel Aviv University is optimistic about completing within two years the development of a silicone-cell direct conversion heating, air-conditioning and thermal unit sufficient to serve a semi-detached home. The armed forces are already using small generating units for routine powering of electronics and communications equipment in remote locations. Using the same techniques, Tadiran Electronics Company has been concentrating on a prototype refrigeration unit which researchers cautiously put at three years away from assembly-line production.

The university's engineering department is also funded to develop a roof-top solar cell that would extend the current 60 km. range of an American-made electric automobile by enabling recharging while the car is parked or in motion.

Government planners make few apologies for their reserved backing for such projects, no matter how enterprising the fundamental rule is to exploit proven technology as developed elsewhere, without investing great sums in local experimentation. That, and firm limits on the imported fuel outlay, is the only approach that Israel can really afford.

T.A.



Intensive oil drilling is taking place in Israel, including this site at Ashdod on the Mediterranean shore.

Farm output keeps on growing

CONVENTIONAL WISDOM holds that whatever else goes wrong, Israel's army and its farmers can always be depended on. The first part of that truism may have lost some currency in recent years but Israeli agriculture embellishes its image unrelentingly. A 5 per cent. to 6 per cent. annual growth rate shows all signs of holding steady, supported by a mere 6.5 per cent. of the nation's work force which, moreover, shrunk in absolute numbers by more than 8 per cent. in 1975 alone.

They key, of course, is efficiency in the allocation of all three of Israel's scarcest resources—land and water as well as manpower. The performance records have followed accordingly. Wheat crops have been approaching four tonnes per acre, and there are workaday farms when a median of over 10,000 litres of milk per cow annually is a commonplace.

The blue ribbons and prestige are an afterthought. Being able to home-grow 80 per cent. of her food requirements is an essential priority in the face of the mounting foreign debt owing to defence and industrial imports. Moreover, 35 per cent. of total agricultural output in 1977 will go to export, rising to 40 per cent. by 1980.

Overall sales this year were $358m. Fresh produce for overseas grew 41.2 per cent. in quantity over 1974-75. The single biggest earner, citrus, brought in $180m. of that sum, against an estimated $200m. this winter.

Agrexco, the government's export clearing house for non-citrus items, foresees a doubling in revenues from off-season produce such as tomatoes, lettuce, baogen melons, courgettes, chinese leaves, onions, and turkey meat. Europe's drought will account for a tripling in sales on only a slightly higher quantity of potatoes than sold last year.

Israeli flowers, which earned $19m. last winter, should bring in $25m. this season, on a volume of 220m. units. The blooms will also be a crucial test item in the first effort to mass-market Israeli farm products in North America, a major departure from the 85 per cent. concentration on European customers.

Among these are six Eastern bloc countries, which altogether account for 6 per cent. of the Jaffa orange export crop. Marketing officials take a greater, albeit discreet, satisfaction in their success with Communist trade challenges than with the prevailing EEC Customs barriers. The 8 per cent. tariff on Israeli citrus is double the current rate for Maghreb produce, a disparity the Israelis ascribe to the fact that they have no trading partner willing to fight for preferential terms as France has done for its former North African colonies.

Grains

Israel's need to import 300,000 tonnes of wheat and 250,000 tonnes of soyabeans this year is in large part a calculated function of land and water use policy. The $350m. outlay on grains, a bill that may well decline as world market prices settle, is preferable to sacrificing the hard currency and self-sufficiency acquired by cultivating alternative items. These priorities will probably hold all the more if and when negotiations starting next month culminate in a five-year American grain sales commitment similar to Washington's agreement with the Soviet Union.

At the same time, Israeli researchers in the Negev are pursuing the breeding of a native wheat strain said to be capable of producing three times the yield for comparable acreage. Test planting of soya last year by Hebrew University agronomists have produced up to 2,400kg. per acre.

Yet here as in general, water remains the critical factor. The standardisation of locally-patented drip-feed irrigation techniques—the precise watering of roots with almost no excess drain-off—has meant a rough doubling of crop yields on half the water used previously. But in the long run that kind of efficiency will still not be enough.

The deficit in water consumption over development of new sources approaches 400m. cubic metres this year, with the difference drawn by over-pumping from bedrock. With consumption increasing by 30-40m. cubic metres per year, the government's current five-year plan calls for 380 test borings, construction of 17 groundwater catchment plants, and sewage recycling that will recover 160m. cubic metres annually.

Despite extensive research on various levels, costing problems are still hobbling the development of desalination processes that ought to be able to provide more than the 12m. cubic metres expected for each of the next few years. The major trial project, attached to the electric generating complex at Ashdod, will constitute the prototype for a vapour compression facility with ten times as much capacity (40,000 cubic metres) some time in the mid-1980s. A reverse osmosis plant is in the advanced planning stage at Eilat, where there is already functioning a vacuum freezing desalinator.

Beyond these problems of technology is a more troubling phenomenon. Agriculture Ministry officials describe the recent speculative conversion of close to 250,000 prime acres along the central coastline from farming to urban development as "a national crime."

This has had an eroding effect on up to 1m. surrounding acres whose long term value as a farming reserve far exceeds the Negev expanses because of the proximity of water. In this case, government land authorities bear as much if not greater blame than the private sector. But it will not be easy to stop the trend.

The potential for complete self-sufficiency in food also has a national security aspect. A blueprint exists for adapting all acreage now used for export crops to essential fodders that could sustain the nation for up to a year under siege conditions. That may not be as likely a contingency as an oil embargo, but it is one that Israel may have to face some day.

T.A.

A network of fish ponds, which supply a large part of Israel's fresh fish requirements.

The Management Page

EDITED BY JOHN ELLIOTT

A majority of workers do not believe profit is a dirty word, but they still need more information on how companies operate, says a CBI survey. **Sue Cameron** reports

Profits become acceptable

[A C]BI SURVEY has exploded [the] idea that workers think [prof]it is a dirty word—but it [sa]ys that employees still need [to b]e given far more informa[tion] about company finances [and] management decisions. The [repo]rt, which is written by [Mich]ael Brandon and Michael [Arn]ott and is published to-day, [is] based on questionnaires [answ]ered by 1,083 manual [work]ers and 231 managers. The [auth]ors also took account of [grou]p discussions that they held [in a] number of factories.

[It] was found that 82 per cent. [of t]he workers questioned dis[agre]ed with the notion that [pr]ofit is a dirty word." And [... p]er cent. thought it was fair [to pa]y dividends to shareholders [as] fair that companies should [pay] *interest on bank loans. They* recognised that share[hold]ers ran the risk of losing [thei]r money if an organisation [did] badly, and 86 per cent. *felt* [it w]as important to them "to [live] in a free enterprise [soci]ety."

[Y]et the authors say that when [they] started their research last [year] many managers, especially [thos]e responsible for passing on [fina]ncial information to em[ploy]ees, did believe that profit [was] a dirty word among workers [and] that it was much better to [use] euphemisms such as "sur[plus]" or "company earnings."

[H]ostile

This belief was invariably [link]ed to a feeling that atti[tud]es among the workforce [wer]e increasingly hostile to the [mar]ket economy system Our [res]earch shows these beliefs to [be] unfounded."

[T]he survey shows that the [ove]rwhelming majority of [wo]rkers think it is important [to] plough some profits back into [the c]ompany and to invest in new [pla]nt and in research. But [the]re was also evidence of a [str]ong shop-floor *interest in* [pro]fit sharing.

[O]ver half the workers in the [sam]ple said their companies [sh]ould distribute at least part [of] their profits among em[pl]oyees although only 19 per [ce]nt. *reported that this actually* [ha]ppened in their own organisa[ti]ons. And when asked whether [pr]ofit sharing was a good way [to] increase productivity a total [of] 86 per cent. said yes.

By far the most serious gap [in] *the economic knowledge of* [th]ose who took part in the [su]rvey was the size of the profits which most businesses make. Manual workers thought the average company made £31 profit on every £100 of goods sold when the true figure is only about £10. "Not surprisingly, in the light of this over-estimation, there was no widespread sympathy for the view that companies are not making satisfactory profits."

But even more alarming was *the lack of knowledge displayed* by the managers who took part in the survey. Their average estimate of the profits made per £100 sales was £20 and while this is slightly nearer the mark than the guesses made by the *blue collar workers it is still 100 per cent. out.*

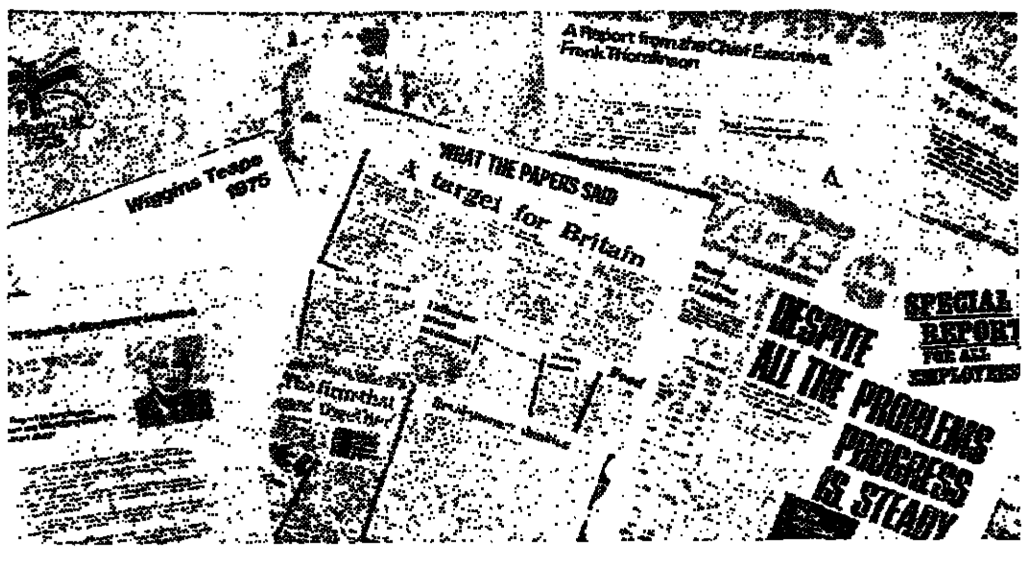
Nor was this the only error made by the managers who completed *questionnaires. No less* than 40 per cent. said that VAT should be included in any estimate of production costs.

The report says that workers have little understanding of the job that managers do. One of the *reasons for this is that* blue collar people are never told of the risks and difficulties that managers face when making decisions.

"If management is unwilling to expose any part of the uncertainties which are inherent in even the smallest business decisions, if management maintains a monolithic bland assurance that it knows best, then it must accept the penalties.

"The penalties are that their key role in industry, that of decision taking under uncertainty, will not be perceived and their contribution will therefore be undervalued. That this is the case to-day is lent credence by our survey findings which showed that less than one worker in five supported the idea that most British managers are worth a lot more than they are paid.

The report says companies should give top priority to telling *manual workers about the* economic contributions managers are making. Organisations also need to take a bolder line when it comes to supplying business information to employees. For it was found that only 20 *per cent. of workers thought* their companies kept them "fully informed" and that the facts provided were utterly reliable. A further 46 per cent. conceded that "you can normally believe" what managements say and 36 per cent. said their bosses kept them only "fairly" well informed.



Company journals like these explain facets of corporate activity. But the CBI report suggests priority should be given to telling workers of the economic contributions of managers.

The results of the study show that workers would much prefer to learn about company profits from senior management, the company newspaper or their immediate bosses. But in practice *it is company newspaper* and the national Press that are the main sources of information. And when it comes to wage increases most employees hear the facts from a shop steward when they would much rather be told by their line managers.

The authors of the report consider that good communications with employees can improve economic performance. For if blue collar people are given a better understanding of the *financial environment* in which they work they are more likely to adapt their behaviour to it.

In particular, says the report, managements that give workers fuller information can expect better responses from them when it comes to collective bargaining, introducing major changes and developing team work.

But it is vital that communications are relevant to employees' interests, if they are not they will be ignored by *workers even when well presented.* This, however, can create difficulties for managements.

"Employees may accept as being relevant to their own interests only information about *their own work unit or subsidiary*—yet many companies currently regard such information as confidential."

In some instances it might be necessary for companies to make concessions and modify their original ideas. *In any event* good communications must, by definition, be a two-way affair. And the report says this means holding face-to-face meetings, with opportunities for questions.

The CBI is planning to set up a communications unit which will act as a clearing house for companies' inquiries on how they can improve the flow of information to their workers. The confederation is doing this as a direct response to its own report which is expected to *stimulate new interest in communication standards.*

For the report calls on every company to "carry out a major review of its current approach to the management of employee communications" in the light *of the conclusions that have* been reached. And it provides a checklist of points that organisations should consider when making such a review.

This includes making sure that points which are already *understood and accepted by* workers are not being overlaboured.

Priorities for In-Company Communications: Michael Brandon and Michael Arnott: CBI Print and Publications Department, 21, Tothill Street, London SW1H 9LP; £15 or £9.50 to CBI members.

Capitalism faces a siege

BY C. F. PRATTEN

CAPITALISM IN the U.K. is in slow retreat. Whether it survives and to what degree will depend in part on the performance of capitalists. But whether those capitalists are the *wealthy owners of ordinary* shares, small savers or pension fund managers is a difficult question to answer, as is the question of who is the leader of British capitalists. Is he the Governor of the Bank of England, *Lord Cowdray, Sir Ralph* Bateman or Sir Arnold Weinstock?

In Sweden there is no difficulty in answering either question. Ownership of equity capital is very highly concen*trated, and Dr. Marcus Wallen*berg has been the leading capitalist. For three generations the Wallenberg family has controlled the leading industrial bank in Sweden and has developed many strong industrial companies. Before his recent *retirement Dr. Wallenberg was* chairman of Saab-Scania, Electrolux, Atlas Copco, Alfa Laval and other important companies less well known in the U.K. The personal holdings of the Wallenberg family in these compan*ies were small, but Dr. Wallen*berg was the chairman of the investment trusts which held large blocks of shares in industrial companies. Swedish banks are not able to own shares of industrial companies.

It is difficult to distinguish Dr. Wallenberg's role as a capitalist and industrialist. For a number of companies Dr. Wallenberg was an active chairman, for other companies his functions were to select managers, *organise finance, supervise* difficult negotiations and, perhaps most important, to make decisions when companies reached critical phases in their development. For this role he had considerable experience, having guided many companies through similar crises in the past, and having become familiar with industrial problems from early on—his father and grandfather had had a remarkable record of developing industrial banking. Dr. *Marcus Wallenberg's record of* developing companies makes him a "master" capitalist. I deliberately use the term because comparison with the work of a master artist or scientist is apt.

Within the U.K. most large companies are run by salaried managers who, for the most part, have only small holdings of ordinary shares. The largest shareholders are pension funds, insurance companies and investment trusts. Managers of these institutions do not play an active part in the control of companies. Most managers spread their *investments to avoid too great a* commitment to individual companies, and only as a last resort will they intervene in management of companies. The power of most other shareholders is even less. They have virtually *no prospect of changing* directors who are running companies incompetently. If there has been industrial failure in the U.K. it has not been a failure of traditional capitalism, it has been a failure of managed *capitalism. For many years* most companies and financial institutions have not been controlled by wealthy capitalists or the owners of the wealth but by salaried managers. In an important sense the U.K. has been less "capitalist" than Sweden and probably other Western countries.

Although economists and sociologists have analysed the objectives and motivation of managers many important issues have been overlooked. The motivation of the Wellenberg family has been to *create* soundly-based companies. The acquisi*tion of more personal wealth* must for many years have been unimportant to the family. Professional managers of insurance companies, pension *funds*, etc., do not have the creation and expansion of viable companies as a primary objective. An important area of competition for them is to time changes in the extent and degree to which they hold *their funds liquid.*

Apart from his role as an individual capitalist Dr. Wallenberg had other important roles. He could advise the Swedish government and perhaps reach understandings with it. It may not be *a coincidence that the Swedish tax* system treats capital gains lightly. Providing an asset is held for more than a few years, only 10 per cent. of the sale proceeds need be added to income. In the U.K. capital profits are taxed at 30 per cent., and no allowance is made for gains which reflect price inflation. Dr. Wallenberg may have been in a *position to hold down dividends* as a *quid pro quo* for reasonable tax treatment of capital gains, and at least he could set an example with the many companies he controlled.

The absence of clear leader*ship of capitalists in England* is particularly serious at the present time. For example, managers of institutions have used *their power to influence* government policy to free property rents, not industrial prices and dividends. In fact, there is a stronger economic case for freeing prices and dividends to reduce the cost of capital to companies. It is possible that the managers of institutions gave first priority to rents to cover their own mis*judgment, rather than the in*terests of the owners of capital or the national interest. Capitalists would not be interested in camouflaging past mistakes per se.

Even more serious, the U.K. faces a savage economic crisis without capitalists' views and judgment being adequately represented. There are demands for cuts in government expenditure and taxes, but how, and at what price, are British capitalists going to provide jobs and beat back foreign competition? Who is going to provide a lead? Early on the Wallenbergs learned that if a company in crisis was to be saved, it was necessary to find gifted managers and to give them the financial support they needed for rehabilitation and modernisation. The question now is whether capitalists can fulfil a similar role in the U.K.

Mr. Pratten is a Fellow of Trinity Hall, Cambridge.

BOOK REVIEW

BY TERRY DODSWORTH

The car marketeer

William Morris, Viscount Nuffield by R. J. Overy. Europa Publications, £4.50

WHEN WILLIAM MORRIS was at the height of his powers as a rising car magnate in 1929, he became involved in a protracted lawsuit over alleged tax evasion. The case was suddenly dropped. "I am quite convinced," said Sir William Jowitt, the Attorney General, speaking on Morris's behalf at the trial, "that with the in*genuity which Morris possesses,* he may be able to develop for this country a very important market which will do a great deal to assist in the terrible problem of unemployment with which His Majesty's Ministers are faced to-day." Jowitt's intervention was enough to get Morris off the hook and to save the fortune which Morris, as Lord Nuffield, later *did* his best to give away.

This *incident illustrates the* extraordinary influence which Morris came to exert in England during the golden years of his company's expansion. It also says a great deal about the prevalent attitudes towards capital at that time. Morris was one of the last great "capitalists" to *appear on the industrial scene,* a latter-day reminder of the Victorian steel and railway barons who had also amassed fortunes in the heavier end of British industry. To achieve this success he probably needed to live in an age when the State could—and would—cosset the entrepreneur.

It is virtually inconceivable that a similar talent could emerge and build an identical empire to-day—even in the *early twentieth century* it was difficult (witness the scores of car companies that failed). In this admirably researched book, R. J. Overy indicates that the foundation of Morris's success can be attributed to one great discovery—the assembly method of production.

Morris's methods helped him to create his organisation from limited financial resources. He started on his long journey to a peerage and an old age of gar*gantuan philanthropy* with virtually no assets. His first business was a small bicycle shop located in his father's suburban Oxford home. He had few qualifications. His schooling had ended at 16 and he had *been trained as a mechanic. But* from this basic mechanical training he had developed the concept of building bicycles from other people's component parts, and eventually extended the principle to cars as well.

In this way Morris avoided the large capital commitments inherent in the fashionable "integrated" car plants such as Ford built at Dagenham, or Austin at Longbridge in Birmingham. His component suppliers *financed* the engineering developments which he demanded for his cars, generally to standards well above those of his competitors.

As a mechanic he appreciated the virtues of simplicity in design and accuracy of finish; and he was a tireless *traveller*, propagating his own production ideas and setting up supply lines at his own works at Cowley from as far afield as the U.S.

Assembly

His own money, ruthlessly *husbanded in the early years,* went into improving design, organising the component flow, and, most of all, perfecting assembly techniques. During the 1930s there is little doubt that his assembly works led the world in mechanical refinement.

They were also run according to *relatively* advanced ideas of work measurement. Morris *was an early convert to the* concept of "Taylorism," the system developed in the U.S. to set objective standards for the workforce.

He also grasped the notion of mass production as a method *of reducing costs. This book* makes out a case that Morris was at his best as a marketing man, intuitively recognising the possibilities of the modern mass market, and then going out and creating it. But this went hand *in hand with an understanding* of manufacturing economics. In the most memorable of all his mass marketing initiatives, Morris at one stage executed a dramatic price reduction against the judgment of many *of his advisers. He argued that* this would create demand which would in turn generate larger production runs, and that these would themselves promote cost savings. The policy was resoundingly successful, with *the price of the Morris Oxford* dropping from £510 in 1926 to £240 four years later.

As a financial manager Morris was also ahead of his time. He was a model of prudence, possibly because of an early bankruptcy, and demanded regular financial reports of the sort that management consultants now sell for a substantial fee. His business was remarkable in the early years for its high degree of self-*generated investment.* Morris was a man of frugal tastes, with an abhorrence of using other people's money when he could supply it himself, and for many years he refused to go public. He ploughed back everything he could. Between 1919 and 1928 a total of £6.1m. was kept in the business out of total profits of £7.5m., pre-tax, a far higher *proportion than* was managed elsewhere in the industry.

His biggest weakness, perhaps, was in the area of top management organisation, although this was partly masked by his own vitality. Despite going public *and creating a professional* management superstructure in the company, Morris remained in essence an autocrat, and the company failed to make the transition to the unerratic, committee style of leadership which characterised General Motors in the 1930s. Some observers feel that this left a problem which has haunted the *British industry ever since.* By the time Morris and Austin, obvious candidates for a merger in the 1930s, came together (1952), they were set in their ways. The difficulty of fusing these two concerns, different in *management and organisation,* is something with which the new State-owned Leyland is still wrestling.

Yet, as this book shows in a painstaking and refreshingly sober historical analysis of *Morris's career, this former* bicycle mechanic developed an extremely broad range of skills, sparking off ideas on almost every subject he touched. The book scarcely answers its self-posed question of what makes *an entrepreneur tick. But it* shows Morris, warts and all, and in the process has given us a long-overdue account of the foundation of one of our most important industrial empires.

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FRIDAY, SEPTEMBER 24, 1976

No time for gestures

THE MOTIVES for the restrictions announced yesterday on the imports of television sets from Taiwan are clearly partly political. The Government is under strong pressure from the TUC and from its own Left wing for measures to restrict imports; and while Ministers appear to have maintained a firm opposition to any general restrictions, the temptation to make some gesture in this direction which might be seen as internationally acceptable is a strong one. The current financial crisis is now providing strong additional arguments. Despite a halved inflation rate, some public expenditure cuts, high interest rates and other painfully achieved adjustments to reality, the pound remains weak. At the same time the funding task now facing the authorities after a summer of relative inaction remains formidable, despite the apparent success of the new £600m. long tap stock, which will probably be oversubscribed when it is issued on Monday. There is one measure which seems at first sight to meet all present needs: an import deposit scheme.

Case in favour

The case in favour can be stated quite briefly. The recent Italian use of the same measure can be cited to meet any objections from the EEC or the international monetary fund. The effect would reinforce the Government's efforts on all the fronts on which it is hardest pressed, mopping up liquidity from the private sector, drawing in funds from overseas, and so giving some assistance to sterling and the reserves. So far as imports were discouraged, the financial rewards would be less, but there would be an offsetting and welcome boost to demand for home products. Finally, such a move would undoubtedly be very welcome at Blackpool.

These arguments are superficially so appealing that it may be asked why such measures were not introduced three or four months ago, when the trade balance began sliding towards its July trough. It is certainly not because nobody thought of it: the measure has been fully prepared as an emergency option in Whitehall for some time, and the possibility has been sufficiently obvious to provoke many importers of consumer goods to build up unusually large stocks. However, the deed has not in the event been done: and the arguments which have been made against restrictions throughout the summer remain as valid as ever.

A financial crisis

The simplest case is made by trying to measure the potential size of the supposed rewards of a deposit scheme. A scheme on the lines of that imposed in 1969 might bring in up to £3bn. over six months: but a more restricted scheme limited to consumer goods is probably all that is internationally acceptable at the moment, and this would bring in possibly £1bn. In fact the existence of swollen stocks of imported cars and other consumer goods suggests a lower yield: and suggests also that any effect on demand for home products would be small and long delayed. Thus the case which sounds so persuasive in bare words reduces to a transitory prop for the balance of payments and a derisory contribution to the funding requirement.

Such benefits might still be better than nothing were the situation truly desperate: but it is not. It needs to be repeated yet again that the present crisis is primarily financial. And now, at last, with the beginnings of a successful funding operation, the authorities appear to have grasped this. If the present success in the gilts market is followed up with sufficient determination, the excessive expansion of domestic credit and liquidity which is the root cause of sterling's weakness can be reversed. Sterling, if this were done, would be likely to recover in a matter of weeks, as witness its firmness in the face of much more forbidding economic news in the early months of this year.

Above all, a loss of nerve—which the imposition of import deposits would represent — at this point would represent a further massive blow to confidence both at home and abroad. Only when the Government demonstrates that it is willing and able to get its own finances in order will it be able to restore confidence in itself and in sterling. The two go together.

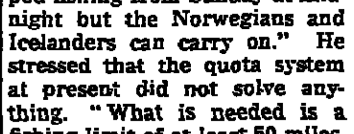
Robin Reeves in Brussels, and our correspondent in Peterhead report on the views of diplomats and fishermen on fishery limits

The EEC Commission fishes in troubled waters

JOHN McLEAN, the 47-year-old skipper of Unity, is one of two men who landed their catches at Peterhead, in North-East Aberdeenshire the night before yesterday's rejection by the EEC Commission of Britain's and Ireland's requests for limits of up to 50 miles round their shores reserved solely for their own fishermen.

On the quayside, Mr. McLean said firmly that the future of British fishermen could only be assured by a 50-mile exclusive limit round their coasts and by an international quota agreement. "This would be a start to ensuring their right to fish in their own waters."

He and his "pair" Seine-netter — Morning Dawn, skippered by David Morgan — had just returned from the Shetland



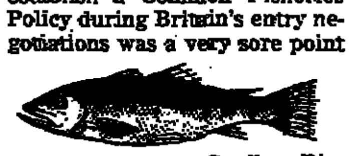
fishing grounds where many French boats are working. "Fishrmen are hoping that the Government will wake up and start to support the fishermen of their own country," he added dourly.

David Morgan was even more forthright: "The whole system is crazy. Our own fishing fleet working from Shetland is stopped fishing from Sunday at midnight but the Norwegians and Icelanders can carry on." He stressed that the quota system at present did not solve anything. "What is needed is a fishing limit of at least 50 miles, and then negotiate from there."

Mr. Morgan said that a large fleet of French trawlers had been working all summer in Shetland waters just outside the 12-mile limit. "Meanwhile foreign fleets can fish the Bergen Back and other highly productive grounds. In my view a 200-mile limit would solve this problem." He did not think that Westminster MPs were generally interested enough to do anything about the present situation. "Last year the fishermen's blockade of ports showed solidarity among the fishermen, but what did it achieve? Nothing."

The British public can be forgiven for failing to understand quite why the Common Market is muscling in on the move of other countries to 200-mile fishing limits. Earlier this year, the U.K. distant water fleet was all but bundled out of the 200-mile waters already claimed by Iceland. Now Britain has announced it will also adopt 200 mile limits from January 1 next year but is being told by Brussels that it can't even have the exclusive use of the first 35 to 50 miles offshore which it asked for. If the European Commission has its way, exclusive national fishing rights will stay limited to the present six to 12-mile coastal bands enshrined in the U.K.s treaty of Accession to the Community. Fishing beyond these areas will be shared out on the basis of catch quotas among the EEC member States on the basis of past fishing performance. It all seems very unfair.

Politicians and others still unreconciled to Britain's EEC membership seem bound to demand over the next few weeks why the matter was not dealt with as part of the Government's EEC "renegotiation" exercise. After all, the decision of the Six to rush ahead and establish a Common Fisheries Policy during Britain's entry negotiations was a very sore point



at the time. Mr. Geoffrey Rippon, the Conservative Minister handling the entry negotiations, managed to win agreement to temporary exclusive national fishing rights up to 6 to 12 miles offshore until 1982. But this concession by the Six was widely viewed as unsatisfactory at the time and, indeed, was an important reason for Norway's subsequent "No" in its referendum on whether to join the Common Market.

Following publication of yesterday's proposals from the European Commission for reversing the Common Fisheries policy and dealing with the other consequences of moves by all EEC countries to 200-mile limits in the Atlantic, the Government is now faced with a stark choice. It must either abandon its demand for exclusive national fishing bands of 35 to 50 miles offshore and fight instead for adequate EEC quotas for British fishermen, or stick to its exclusive fishing rights claim with incalculable consequences for its future relations within the Community.

The chances are that the Government will be forced to opt for the first course, but it would have made life easier for itself in the first place if it had set about educating the fishing industry and the public about the real meaning of the adoption of 200-mile fishing limits.

The massive extension of national jurisdiction by the growing number of countries adopting 200-mile limits is almost akin to territorial wars of old on a world-wide scale. The winners are states with large coast lines and the losers those with little or no coast at all.

Yet the structure of the world's fishing industry is still based on the centuries-old notion that all the seas but a narrow coastal bank of a few miles are free to all comers to take as much fish as they can catch.

This era in man's history is now being brought to a close by technological advance. Fishing efforts and methods have become so effective that without some controls in the interests of conservation, certain species of fish are faced with certain extinction. Equally, of course, man has now developed the ability to exploit resources under the sea bed and therefore large areas of sea are now worth claiming.

Faced with this situation, the international community has not been entirely idle. The UN Law of the Sea Conference has been designed to establish rules for coping with the consequences of this revolution in an orderly fashion. But after several mammoth sessions, the latest of which ended earlier this month, it has still been unable to resolve the numerous issues involved. Impatient of waiting, Iceland announced it was adopting 200-mile limits unilaterally last November,

which led to the cod war. Now the gates are opening. Canada is planning to move on January 1, next year, the U.S. on March 1, Norway some time in the New Year.

It was obvious that Britain and other EEC countries with Atlantic waters could not stand idly by and watch their own potential fish stock being ruined by a free-for-all among foreign boats shut out of other Atlantic waters. Hence, the European Commission's endorsement of Britain's call for a concerted EEC move to 200 mile limits in Atlantic waters from January 1.

Thereafter, the Commission's proposals for dealing with the consequences of 200-mile Atlantic limits are perhaps best viewed as an attempt to promote an orderly settlement of sharply conflicting interests both inside and outside the Community which has so far evaded the world-scale effort by the UN Law of the Sea Conference. Externally, it proposes to use the Community's combined weight to negotiate reciprocal fishing agreements with countries like Iceland and Norway where EEC countries have traditionally fished. Internally, it has proposed that the total amount of fish available in Community waters should be shared out on the basis of past fishing performance, having first subtracted from the global figure the amount of fish caught, under negotiated agreements, by non-EEC fishermen in Community waters and then added on the fish caught, again by agreement, in non-EEC waters.

For countries which traditionally fish inside EEC waters but whose waters do not interest EEC fleets — like Spain, Sweden, Finland, East Germany and Poland—the Commission proposes eventually phasing out their fishing altogether. For other countries, like the U.S. and Canada, with stocks of fish surplus to their own needs, the Commission asks for the Community to be treated as well as any other country inside their 200-mile limits.

When it comes to coping with the consequences for the Community internally, the Commission has inevitably also stuck closely to the Rome and Accession Treaties, since they embody the only power which it has over the member States. In their most doctrinaire form, at their simplest these principles are equal access and free competition; even a system of quotas proposed by the Commission would appear to be a departure from them. They are required, as Sir Christopher Soames and M. Pierre Lardinois, the Commissioners responsible, were at pains to stress yesterday, in order to prevent fish stocks being depleted beyond repair by the EEC's own fleets. The Arctic herring is virtually extinct and according to scientific opinion, there is need for a complete ban on fishing of North Sea herring in the coming year, if the species is not to suffer the same fate. Viewed from this angle, the British and Irish demands for exclusive zones are so to speak something of a red herrring. Fishermen want fish not stretches of water.

The principal result of the intensive pressure of the Community's Atlantic islands has been a last minute decision to envisage special supplementary quotas for Ireland and "Northern Britain." Unlike its suggestions of last February, it has not put a figure on the amount of fish which should be set aside from the global quantity available each year in order to cater for the special needs of these areas predominantly economically dependent on fishing. This is all to play for if the U.K. and Irish Governments choose the path of negotiations rather than confrontation against its EEC partners.

The community approach undoubtedly stands or falls according to the effectiveness of the policing system.

Should an EEC quota system fail, the latest Brussels proposals do not rule out an eventual adoption of wider national fishing bands. If the Council of EEC Foreign Ministers goes along with the Commission's approach — and this will become clearer at the next meeting on October 18 and 19 if not before — then there will be one important change in the Common Fisheries Policy. Instead of the present position where unless something is done, the existing exclusive zones 6-12 miles offshore will be phased out altogether, recent national zones will continue indefinitely with the historic rights which go with them.

But fisheries policy arrangements beyond that, the Commission suggests, should be the subject of a comprehensive review. It could therefore be that the 1982 Commission of the European Communities might recommend that the EEC quotas are not sufficiently effective and wider national zones are the only way to ensure that orderly exploitation of fish in community waters.

WHAT THE EEC MEMBER COUNTRIES CATCH
(basis: 1973 result)

Member country	Origin of catch	Catch in 1,000 tonnes	Catch in own territorial waters and adjacent national zone*	Catch in other members' zones*	Catch in zones of third countries*
Belgium	N.E. Atlantic				
	= Total	49.1	52.7	31.4	15.9
Denmark (with Greenland)	N.E. Atlantic	1,417.1	67.6	18.6	13.8
	N. Atlantic	36.3	92.3	—	7.8
	= Total	1,453.4	68.2	18.11	13.71
W. Germany	N.E. Atlantic	325.3	6.5	31.9	61.5
	N. Atlantic	92.9	—	10.1	89.9
	= Total	418.2	5.1	27.1	67.8
France	N.E. Atlantic	478.6	24.4	57.4	18.2
	N. Atlantic	36.1	33.5	—	66.5
	Mediterranean	30.2	100.0	—	—
	Africa	49.0	—	—	100.0
	= Total	593.9	26.8	46.3	26.9
Ireland	N.E. Atlantic				
	= Total	80.1	89.9	10.1	—
Netherlands	N.E. Atlantic				
	= Total	220.4	35.7	61.2	3.1
U.K.	N.E. Atlantic	1,040.3	64.1	0.3	15.6
	N. Atlantic	8.4	—	7.1	92.9
	Total	1,048.7	63.6	0.3	36.1
Italy	N. Atlantic	0.8	—	—	100.0
	Mediterranean	251.1	76.1	—	23.9
	Africa	38.0	—	—	100.0
	Total	289.9	65.9	—	34.1
TOTAL	N.E. Atlantic	3,610.9	53.7	22.2	24.1
	N. Atlantic	174.5	26.1	5.7	68.1
	Mediterranean	281.3	78.7	—	21.3
	Africa	87.0	—	—	100.0
General Total	Total	4,153.7	53.1	19.6	27.3

*Assuming 200-mile zone.

Source: EEC Commission.

West Germany goes conservative

THE LATEST opinion polls suggest that the result of the West German elections, due on October 3, will be close, but give a slight edge to Chancellor Schmidt's coalition of Social and Free Democrats. According to those published this week, the coalition has 51-52 per cent. of the vote against 47-48 per cent. for the Christian Democrat opposition. The belief that this must be close to the final outcome is strengthened by the difficulty of any single party in winning the support of half of the electorate. Only once in the history of the Federal Republic has this happened. That was in 1957 when Chancellor Adenauer was at the height of his power, the Social Democrats (SPD) had still not formally abandoned Marxism, and the Christian Democrats (CDU) won 50.2 per cent. The most that the SPD has ever won was 45.9 per cent. in the previous election in 1972. It was kept in office by the Free Democrats (FDP) who won 8.4 per cent.

Changing sides

It has been clear for some time that the FDP, which has changed alliances before, has no intention of doing so again for the time being. Its leaders are fighting the campaign on a platform of renewing the coalition, but of not necessarily maintaining it beyond, or even up to, the next election in 1980. That is why the CDU, if it is to take power, has to achieve an overall majority.

And yet even if the polls and past experience are right, there is still a great deal to play for. The coalition's present majority —won when the Ostpolitik was in full swing—is unusually large by normal German standards and is almost certainly vulnerable. If the CDU can make sufficient inroads and again become the largest single party, as it was until 1972, this must increase the chances of a coalition crisis and the FDP changing sides some time before 1980.

As it is, the coalition under Chancellor Schmidt is not the same as the coalition under Chancellor Brandt, and there is some truth in the saying that Herr Schmidt is the country's best conservative leader (which is another obstacle for the CDU). Herr Schmidt has quietened, if not tamed, the SPD's left wing. There is no doubt whatsoever about his allegiance to the Atlantic alliance and there is nothing very socialist about his economic policies: witness, for example, the way he has stressed the need to increase company profits. Some of this may be attributed to the influence exercised by the liberal FDP, but a great deal of it is in the nature of the man and his appreciation that West Germany has again become a conservative country.

Economy

One very simple demonstration of this is the way Germany has come through what—by its standards—was a very severe recession. Even to-day unemployment remains close to one million mark and, as the latest IFO report on business confidence shows, there are still some doubts about the extent of the recovery except in relation to exports. A few years ago, most observers would have predicted considerable electoral consequences; yet the country as a whole seems to have accepted that the Government was doing the best it could, and indeed considerably better than most governments elsewhere.

For the outsider, this suggests that the outcome of the election does not much matter. Either way, West Germany seems to be set on a course of stability and is in the enviable position of going through an election campaign in which there are few, if any, really divisive issues.

MEN AND MATTERS

Unlikely bedfellows?

Everyone was smiling yesterday in the West End Boardroom of Babcock and Wilcox. The lion was lying down with the lamb. Stoutly private enterprise plant experts Babcocks were starting up a new company in partnership with the National Coal Board called Coal Processing Consultants. The company will advise the world on coal processing technology.

But what were John King, Babcock's chairman, and Sir Derek Ezra, NCB chairman in earnest conversation about before the show started for the signing of the agreement before a battery of cameras?

The matter which took the smiles from their faces for a few minutes is the newly discovered Belvoir coalfield lying under the beautiful Midlands Vale of Belvoir; prime hunting and farming country.

Ezra is convinced he has found the biggest coalfield in Britain there with potential reserves of perhaps more than 1,000m. tons—the exact amount is anybody's guess but it is equal in energy terms to several North Sea oilfields. He even braved the outraged feelings of residents earlier this week to visit the Vale and talk to them about the nation's need for the coal. He was soundly heckled for his pains.

John King happens to own a house and 2,000 acres of farm land slap on top of the coal. He is also a passionate fox-hunter and a former master of the Duke of Rutland's foxhounds (the Belvoir Hunt). He told Ezra, as he told me later, that regrettably he will have to personally oppose the Belvoir mining scheme in spite of the fact that Babcock and Wilcock are moving ever deeper, as a company, into coal mining, extraction and processing technology. (The

Duke of Rutland, chairman of Leicestershire County Council, and owner of a stately castle on top of the same coal, is already on record that he will lie down in front of the bulldozers.)

Back to King who said yesterday "we are involved from the coal face right to the gas or electricity mains." Ah, the difficulties involved when it comes to the reconciliation of personal loyalties with corporate loyalties.

Barnstorming?

The early morning inter-city train from Kings Cross to Newcastle was somewhere between York and Darlington when I bumped into new British Rail supremo Peter Parker as he emerged a trifle hot under the collar from the dining car kitchen.

Parker, now ending his second week as chairman, was spending a hectic day with Eastern Region. Having confessed to the perspiring chef, who has just rustled up 20 pairs of kippers and a few dozen bacon and eggs, that he didn't like the heat and the flying fat he made the by now expected remark about British Rail breakfasts being "best" (perhaps they should be at £2.15) and moved on to the bar for a 25p can of beer.

Parker reckons he has shaken hands with over 2,000 people since his whistle stop fact finding tour began this week, from bowler hatted stationmasters to regional executives and engine drivers.

Like other BR chairmen before him, he also took time out to praise the dedication to and love of the job shown by many of his personnel and at least one of them was not going to be put off his stride just because the new chief executive's elbow was on his bar.

As Parker left to shake more hands—one minute ahead of schedule—the steward courteously inquired whether the drinks had been paid for.

They hadn't. But I was happy to foot the bill in the hope that my guest will now turn his attention to improving the standard of service which I get from British Rail.

Puns and truths

The idea of protecting consumers' interests through voluntary codes to which manufacturers agree to adhere was developed by the first Director-General of Fair Trading, John Methven. He having moved on to the CBI, his successor, Gordon Borrie, yesterday unveiled his first effort along the same lines.

Before going, Methven sorted out a large chunk of the domestic appliance industry when he persuaded AMDEA—the trade association concerned—to accept a voluntary code. AMDEA however does not cover radio and TV retailers, and Borrie's initial public move has been to persuade them into the net.

The revelation that the Radio, Electrical and Television Retailers' Association had agreed to join the club was accompanied by a series of excruciating puns. For example, Borrie offered a plug for the Association as being switched on (and in passing admitted that he himself had blown the occasional fuse when in receipt of vast repair bills).

The RETRA chairman, Harold Page, warmed to the mood of the occasion and parried the odd questions in fairly light vein. But he had the last word: with deference to the tenets enshrined in the Fair Trading legislation, and conscious of the new code of practice which is being imposed on the industry, he admitted that the "silver" ash tray which he had just presented to the D-G was, in fact, silver-plated.

Emotive

It is not only in the U.K. that people write letters to newspapers about inflation. The following is taken from a Saudi Arabian daily paper under the heading "Shooting Prices."

"Dear Sir, When will the bridles of these sky-shooting prices be curbed?

"Seldom, one who, doesn't feel the torrent brunt of the current mad wave of inflation reaching a new climax in the present month (Rhamadan).

"The most urgent unanswerable question is: has the matter to get worse, and when will the worst come?

"Two years in reverse, we were getting vegetables, fruits and a long list of foodstuffs, with almost sixth to tenth of the present prices.

"Anyhow we have no option but to pay whatever prices we are asked since our children will not accept any explanation."

Observer

POLITICS TO-DAY IN AMERICA

ELECTION NOTEBOOK BY DAVID WATT

Of electronic images and party bosses

THIS ARTICLE, written before the first of the Ford-Carter TV debates, will appear after it is over, so I do not propose to make a fool of myself by predicting the outcome. But still, it is worth noting, before a new mythology is born and the first "I told you so's" are rushed into print, that the native American pundits have been ferociously divided about the whole affair. Their discussion—a reflection of the agonising that has obviously gone on in both political camps for many weeks — provides the ultimate commentary on political tactics in the electronic age.

The convolutions are virtually impenetrable. Who, for instance, has most to lose by the whole exercise? The President, on the face of it—or has he? As incumbent he is better known that Mr. Carter and, like Mr. Nixon (then vice-President) in 1960, he is simply giving his opponent free exposure and additional stature. Ah, yes, say the smart guys, but Mr. Ford is behind in the polls and isn't in fact very well known except as a decent man who falls down stairs, and can't chew gum and walk along the street at the same time. He is the man who needs to project his presidential image and surprise the nation with his articulate grasp of the issues.

Then what about Mr. Carter's Southern image? Will the box emphasise his "foreignness" to the vast northern audiences, or will it help to show him as merely a quite ordinary, tough businessman-politician who happens to have a southern accent? Will the candidate be wise to come out clearly on issues or should they fudge them? Should they be aggressive or conciliatory? Will a dark-blue background make Mr. Ford look older or younger? And, finally, supposing the whole thing is judged a fearful bore after the first half-hour, who will gain most from the gigantic anti-climax?

After a while these questions themselves become enormously boring, of course. But the interesting things about them are the assumptions that lie behind them. The first is that American voters will in fact be profoundly influenced one way or the other by what they see; the second, that they will be right to be so influenced.

To the European eye, these related axioms—particularly the last—are not really self-evident. In fact a host of objections occur simply on the basis of past experience. The Kennedy-Nixon debates of 1960, for instance, which are often cited as examples of how well the system can work, do not really show anything of the kind. Subsequent events have demonstrated that the "right" answer was produced: but in my recollection (reinforced by seeing some of the debates re-run the other day) Mr. Nixon got rather the better of the contest. In fact research at the time showed that those who listened only on radio were much more favourable to Mr. Nixon at the end of the series. The vice-president looked like a crook with his shifting eyes and 5 o'clock shadow, but it was mainly luck (if that is the right word) that he turned out many years later to be a real one.

Or what about the famous Checkers incident? Nixon, just due to be ditched as President Eisenhower's running mate in 1952 because of charges of irregular campaign financing, went on TV and produced a performance, complete with spaniel, of such masterly sentimentality that he was carried onward and upward by a gush of popular support. Again, what about the whole 1968 and 1972 campaigns when the image-mongers, by common consent, successfully "sold" the American people a dud? Surely anyone who turns on the present debate after these experiences, expecting that the camera will tell them the truth about the candidates must be extremely naive.

Thoughtfully Americans give all sorts of answers to this kind of objection, but they boil down to an unrepentant affirmation of a belief which has, for obvious reasons, deep roots in American history and consciousness. It is that character as a commodity that can be judged not from education or birth or the opinions of experts, but by "looking a man over" and "seeing how he handles himself."

When this belief is applied to presidential politics the debates fall into their proper American perspective. There may be many reasons—regional ethnic, religious or even what is unbeautifully known as "issue oriented"—why an American may vote for a man; but where the presidency is concerned it is character that really counts. Until 20 years ago limitations of geography and communication deprived most American voters of their rights to judge a presidential candidate properly. They had to rely on the party label or hearsay or the very imperfect and "undemocratic" judgment of the Press.

With the advent of television and now a form of TV which puts two characters side by side, American democracy has been if not perfected then at least made considerably less imperfect. Political charlatans and snake-oil hucksters of all kinds have preyed on the eternal optimism of Americans since 1776, and will no doubt continue to do so as long as the republic lasts. But at least if anything goes wrong now the voters will have no one to blame but themselves. As for the TV camera, it is regarded as guiltless. "It can sometimes deceive," said an American journalist friend, "but it cannot lie"

Glen Genn

Mr. Carter and admirers.

* * *

The last time I went on an old-fashioned railway whistle-stop tour, the train was carrying a rather bewildered-looking Mr. Henry Cabot Lodge (who on earth remembers that he was Nixon's running mate in 1960?) through the New Jersey and Pennsylvania suburbs. The Carter whistlestop through identical territory last Monday suggested at first sight that nothing much had changed. There was the same desolute, half-forsaken industrial landscape; the same dreary posses of local ward heelers trying to get in on the act; the same grotesque compliments ("Now I want to introduce to you a truly great legislator we all went to see back in the State Capitol, State Senator Millefiori" etc.) the same mishaps ("Hey, will ya fire whoever set up these goddam mikes").

It rapidly emerged, however, that several vital elements were different. For one thing, the Carter show was not, as they say, "for real." Mr. Lodge had been genuinely seeking votes for the Republican ticket in New Jersey and Pennsylvania. Sizeable crowds of curious or undecided or even hostile voters still turned out for the show at the railway sidings as their fathers and grandfathers had done before. It was, no doubt, the end of an era, but there was still some life left in it.

Mr. Carter's trip, by contrast, was no more than a "media event," an essay in nostalgia designed to present a pleasant picture on prime TV news time, and to suggest in the minds of the viewers a helpful ling between Mr. Carter and the mainstream Democratic tradition of those great whistlestop artists, Roosevelt and Truman. Mr. Carter sleepwalked through the day with the most perfunctory of speeches. The crowds were small and consisted mainly of trade unionists and schoolchildren laid on by order of the local Democratic machine. The TV cameramen took the requisite shots of the train and then turned to filming journalists with typewriters on their knees just to show something serious was happening. It wasn't. Another thing one noticed was a subtle change in the relationship of the local party bosses to the candidate. The introductory speeches were by normal standards notably lacking in enthusiasm for the presidential standard-bearer and the size of the cohorts commandeered to make a crowd for him was not impressive.

Some of this was undoubtedly due to the peculiar circumstances of the Carter candidacy. He has dropped on the state and county politicians from nowhere, spouting a lot of conservative slogans they have to explain away to their supporters. They will improve his vote much more than he will improve theirs, and yet he insists, maddeningly, on proclaiming in their hearing that he owes nothing to anyone. It is not surprising if they seem a bit cool.

There may be another factor at work, and that is the new campaign finance law in force for the first time. It inevitably tends to weaken the bonds which link a presidential candidate to the party machine. The fact that the presidential campaign is now paid for overwhelmingly from public funds and not from the candidates' own fund-raising activities means that Mr. Carter is indeed relieved of many of his obligations to special interest groups, including the party politicos on whose fund-raising skills past contenders have had to rely heavily. But it also means that they are relieved of some of their obligations to him.

The long-term effects of this on the presidency and its relation to Congress must be profound and we are already beginning to see that they may also be unpredictable and not necessarily wholly beneficient.

* * *

Having commented last week on Jimmy Carter's humourlessness, I am glad to redress the balance by reporting one of his rare ventures into wit. A year or two ago the Trilateral Commission, of which Mr. Carter is a member, was meeting in Washington and, being a collection of distinguished American, European, and Japanese big-wigs, was rated worthy of an address from the Secretary of State. After a speech of 10 or 15 minutes Dr. Kissinger invited questions. The first, from a British ex-ambassador, was of inordinate banality and length. After five minutes there were distinct signs of restiveness in the audience; after 10, the meeting was beside itself. When the piercing Oxbridge tone finally died away, it was Jimmy Carter who jumped up with a supplementary. "Mr. Secretary," he said with his broadest grin, "some of us at the back here couldn't quite follow that question. Could we have it again?"

Not, perhaps, the greatest joke in the world — but the ambassador did ask for it.

Letters to the Editor

Fishing waters

From The Director General, British Fishing Federation.

Sir,—Your leader (September 22) suggests that Britain should drop the fishing industry's claim for a 50-mile zone within the forthcoming 200-mile limit in return for control of the conservation policy. Unfortunately the Government appears already to have conceded the latter so that the need for a broad exclusive zone is now even greater in order to ensure the proper conservation of a reasonable proportion of our fish stocks. It is needed also to ensure that equity in the distribution of catches between participating countries is not seriously undermined, to the detriment of the U.K., by differences in the efficiency of enforcement of catch quotas by the flag states concerned.

As the proposals now coming from the U.S. and Canada indicate, the only effective method of conservation is to ensure that the system relies on measures which can be, and are, both monitored and enforced by the coastal state. This cannot be done with catch quotas which rely upon the efficiency and ntegrity of the flag state in nonitoring and recording atches where they are landed. xperience in the international shery commissions which overn fishing in the North tlantic has shown that reorted catches frequently lack edibility.

Catch quota systems, if they e to operate at all, need to be mplemented by fishing effort otas (among other things), so t the coastal state itself can eck the number of vessels of h nationality and the amount time each spends on the fish- grounds. This system, how- r, if applied to a very large in which vessels of many onalities are operating, ld become unmanageable would require a disproporate amount of resources to pplied by the coastal state ionitoring and enforcement. terms of both practicability cost, as well as for strong l and psychological reasons. de area of water reserved sively for the fishermen of oastal state is a necessary f a system of effective contion and equitable distribuof catches between coun-

n Laing.

y House Chambers, inity House Lane,

onsumers are erybody

Mr. E. Ornstien.

—Your report (September the recent National Con Congress makes clear he "consumerist" movenas fallen into the trap set name. Consumers are ody—workers in and out ons, civil servants, tax ins, housewives who go out rk and who don't, pen- deprived children, pam- children, real ale en- ts, teetotallers. By seek- embrace the interests of varied types, the moves in danger of blunting rts of each.

is no common denomina- all consumers, and in a f limited resources there always be competition different sectors of them. al ale enthusiasts have iccessful by being self-interested: child poverty, pensioners, *et al*, must promote their own aims with equal self-interest, and place no reliance on an amorphous "consumer" movement trying to sort out the priorities of one over another.

We have a Parliament to do this. It does it clumsily, inadequately and slowly — but better than any other institution so far devised. It has the merit of being elected, whereas consumerists are elected by nobody. They cannot, and should not try to replace Parliament.

What they should do is go back to their beginnings, that is, help shoppers choose what suits them best. For this, they need injections of (a) commercial knowledge; (b) knowledge of what "consumers" are really like. (a) Could be achieved by including on their councils representatives of the retail trade, who could tell them the *costs* of desired improvements (for every improvement is in conflict with cost). (b) Is more difficult, but could be helped by including experienced marketing people, and by much more market research. For, as most successful businesses have discovered, good marketing and rational "consumerism" are identical.

Edwin J. Ornstien.

Saward Baker Advertising.
79, New Cavendish Street, W.1.

Contending with legislation

From Mr. G. Seanor.

Sir,—What an indictment of the Government's taxation policy was the article "Exporting is almost a hobby" (Page 7, September 21).

Here we have an example of an unwillingness to expand of an old-established maker of a professional piece of equipment because of the risks, frustrations and tax laws which are increasingly inimical to any special efforts being made. Would we have any of our great concerns to-day if their founders, all individualists, had to contend with almost hostile legislation?

G. V. Seanor.

"Birling."
34, Ashenground Road, Haywards Heath, Sussex.

All in a maze

From Mr. P. Michaels.

Sir,—The new economic law relating national growth rates and proportion of qualified accountants in the population, put forward by Mr. H. Aldous (September 21), has a simple and obvious explanation.

The number of accountants per head of population is a crude and simple index of the extent to which people, instead of getting on with the tasks of producing and distributing goods and services, are compelled to spend time, effort and money in filling forms and rendering returns, struggling with the taxation system, and groping their way through a complex maze of financial legislation.

P. G. Michaels.

34, Marsh Road, Pinner, Middx.

Hard work and happiness

From Mr. J. Macartney

Sir,—Year after year we stagger from crisis to crisis, all the time falling further and further behind our neighbours. None of the remedies proposed by our leaders goes to the root of the problem. It is clear that the only solution to our difficulties is to be found by all of us doing a proper day's work. I am sure too that the country would be a great deal happier—there cannot be much sense of achievement without real hard work. I wonder if our leaders will ever tell us this.

J. S. Macartney.

Thorn Cottage, Foremark, Milton, Derbyshire.

Education services

From The Greater London Council Member for Finchley.

Sir,—What Mr. J. A. Lawton, the chairman of Kent County Council's education committee, is really saying in his letter (September 21) amounts to an assertion that the ancient boundary of Kent happens by historical accident to be just the right administrative area for the education service of the 1970s. Neither too large nor too small. Even if this remarkable assumption were true it would invalidate the system in the five Metropolitan counties where education is a district council service and in outer London where it is successfully run by the borough councils.

And if it is so wrong to "split" the service by giving institutes of higher education to new regional councils replacing the present counties, will Kent County Council now lay claim to the University of Kent at Canterbury?

The cry of "fragmentation" is a familiar bogey. It successfully prevented the devolution of the old LCC education service to the inner London Boroughs in 1965 even though one of them, Westminster, is the richest local council in the U.K. But who now, after the William Tyndale School fiasco, would argue that big is beautiful in education administration? The local borough council would have recognised the school's plight a lot sooner than the ramshackle empire of the ILEA (inner London education authority), precisely because it is closer to the scene.

Lord Home has now advocated the abolition of the top tier of Scottish local government (called regional councils there, but in fact similar to our counties) and my only reservation is that this time we must make haste slowly. No one wants another expensive upheaval: but a smooth orderly transition to democratic regions and stronger district authorities is in everybody's interests and we ought to make a start now.

Roland Freeman.

Members' Lobby, County Hall, S.E.1.

Textile trade unbalanced

From: The Director, The Textile Council of Australia

Sir,—The article by Rhys David entitled "A comeback for cotton and wool" (September 21) may give the impression that there is a substantial upturn in demand for textiles throughout the world and that consequently the "textile recession" has ended.

While the increasing demand for wool is good news to all Australians and justifies the increased floor price fixed by the Australian Wool Corporation, it is well to bear in mind that wool fibre is a very small part of the total fibre market. In my opinion wool must continue to move up in price as demand will continue to exceed supply. It is not possible to increase wool production at anything like the rate the textile market will require.

Nevertheless the entire world textile scene is clouded with uncertainty, and in my opinion there is no doubt that the recession has not ended, particularly insofar as the nations of the EEC, Canada and Australia are concerned.

A recent report from "Comitextil," the Brussels based organisation which groups the EEC's textile federations, examines in great detail most recent statistics of world trade in textiles.

This authoritative report emphasises the fact that world trade in textiles is clearly unbalanced and that during the last ten years the developing countries have been forced to export increasing quantities of textiles and apparel. Nearly 50 per cent. of the world's clothing exports come from these sources.

Even in the U.S. clothing manufacturers are apprehensive as to their future, though the U.S. Government has limited imports into that country to less than 10 per cent. of the total market.

It appears to me that in Britain, as in most EEC countries and in Canada, no effective action has so far been taken to ensure that world imbalance in the textile trade does not result in an acceleration of the existing recession.

Fortunately, the international arrangement relating to textiles (the MFA) is to be reviewed in Geneva this year when it is to be hoped that a revised and more effective and internationally acceptable arrangement will result.

A. John Burgess.

c/o The Knightsbridge Green Hotel, 159 Knightsbridge, SW1.

Dehumanised silence

From: The Programme Director, Keep Britain Tidy Group.

Sir,—Sue Cameron (Transactional Analysis, September 22) quotes Mr. Alan Tuffin as saying amongst a great number of highly sensible things, ". . . the days of: 'Good morning, how are you?' have gone." This is not only a pity but need it be so? Perhaps transactional analysis training is an answer.

On a recent visit to California I was met in restaurants, shops (including Post Offices) with an unfailing "Good morning, may I help you." Frequently, in restaurants the waiter/waitress would say "My name is . . . I am here to serve you." On leaving, with or without a purchase made, I would be despatched with "Thank you for calling, have a nice day, come again." No one confused service with servility. In fairness it must be said this heart-warming civility was not noticeable on the east coast of the U.S. but I would like to think we, in the U.K., have not screened off human warmth along with the till snatchers.

Like littering, with which I am concerned, dehumanised silence in the service industries lowers our quality of life.

D. R. I. Hodder.

Bostel House, 37, West Street, Brighton.

No point in a conference

From Mr. S. Wancke.

Sir,—I cannot see the need for a Labour Party Conference. The TUC have had theirs and as the Labour Party slavishly follow whatever the TUC decide it seems pointless to have a separate conference.

S. W. Wancke.

Cherrington, Pilgrims Close, Westhumble, Dorking, Surrey.

To-day's Events

GENERAL

Mr. Anthony Crosland, Foreign Secretary, holds talks with Dr. Henry Kissinger, U.S. Secretary of State, London. Mr. James Callaghan, Prime Minister, may also attend after Labour Party National Executive Committee pre-conference meeting in Blackpool.

Mr. Ian Smith, Rhodesian Premier, expected to make national radio and television broadcast.

Mrs. Shirley Williams, Education Secretary, addresses Caernarvon Labour Party.

Mr. Edmund Dell, Trade Secretary, is guest speaker at North West Tourist Board annual meeting, Bolton.

CBI State Intervention Committee meets.

Tory Reform Group economic conference, London, at which Sir Geoffrey Howe, shadow Chancellor, will outline Conservative Party's future policy and Mr. Peter Walker MP will put Group's economic views.

Mr. William Whitelaw, deputy-leader, Opposition, speaks at Roxburgh, Selkirk and Peebles Conservative Association lunch, Galashiels.

India's National Development Council begins two-day meeting in New Delhi to consider country's fifth Five-Year Plan, aiming at annual growth rate of about 6 per cent.

Chartered Insurance Institute annual dinner, Coventry, at which Sir Frederick Catherwood, chairman, British Institute of Management, is guest of honour.

Two-day British marketing seminar organised by London Chamber of Commerce ends, Warsaw.

Sir Lindsay Ring, Lord Mayor of London, presides at inaugural meeting of Greater London Association for Pre-Retirement, Mansion House.

William Caxton Exhibition opens, British Library, Great Russell Street, W.C.1.

COMPANY RESULT

Allied Polymer Group (half-year).

COMPANY MEETINGS

A.A.H., Quaglino's, S.W., 12. Dyson (J. and J.), Sheffield, 12. Longton Transport, Stoke-on-Trent, 3. Manordale, Leeds, 12. Pitman, 39-41, Parker Street, W.C., 11. Ratcliffe (F.S.), Bamford, Rochdale, 12. Unitech, Abercorn Rooms, E.C., 12.

OPERA

English Music Theatre Company perform Sandrina's Secret (La Finta Giardiniera), Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Eric Parkin gives piano recital of music by Ireland, Baines, Cooke, Liszt, Rosza, and Falla, Purcell Room, S.E.1, 7.30 p.m.

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COMPANY NEWS + COMMENT

Delta Metal upsurge to £10.12m. halfterm

BOTH U.K. and overseas operations have contributed to a first half (to July 3, 1976) pre-tax profit improvement from £4.49m. to £10.12m. at Delta Metal Co. and chairman Lord Caldecote says the results confirm the forecast recovery.

Earnings are up from 1p to 2.6p per 25p share and the interim dividend is held at 1.82p net—last year's final was 2.265p and profits £11.63m.

On a CCA basis profit amounts to £4.4m., compared with £0.5m. for the full year to January 3, 1976.

In the U.K. there is now evidence of a slow improvement in demand, notably in semi-manufactures and stampings, though there is still a long way to go before the peak levels of 1973/74 are regained, says the chairman. This slow improvement is likely to continue but the directors do not expect demand from the building industry nor for cables to increase significantly during the remainder of 1976. Sales of electrical products are buoyant and further improvement is forecast.

Overall they expect overseas companies to maintain their good performance, although the recent measures taken in South Africa to restrain inflation and the lower activity in the mines have affected some subsidiaries there—but the electrolytic manganese activity is not dependent on the South African economy and is continuing to flourish.

U.K. sales in July and August are affected by holidays, and results for the last quarter very much depend on whether the upturn in the economy continues—if it does "we expect some improvement during the second half in the absence of unforeseen circumstances; otherwise results are likely to be little different from the first."

In the U.K. the main improvement stemmed from the rationalisation and other measures to increase efficiency taken last year. The two semi-manufacturing divisions showed a distinct improvement as did the two component divisions.

Demand from the building industry remained relatively slack which adversely affected the building products division. The two electrical divisions were not as badly hit as other U.K. operations in 1975 and they have continued to perform reasonably well in 1976 though recent conditions in the cable industry have been difficult with low demand and strong competition in some areas. On the Continent of Europe most subsidiaries have shown a marked recovery, Lord Caldecote adds.

In South Africa results have been creditable considering the difficult conditions. Australia has also shown excellent results and there has been profitable progress with the new Brazilian operations.

Exports continue to improve and show an increase of about 20 per cent. over the first half of last year.

The chairman says that there are signs of an upturn in the economy, "but we cannot be confident of a lasting recovery until there is greater incentive to invest through higher profits." Delta's earnings are moving in the right direction and he adds that the directors will do all they can to accelerate this trend.

Metal results are dealt with at year-end when the transfer to or from metal price contingency reserve is decided—at present this reserve amounts to £2.05m.

For the first half, metal profits increased from £1.36m. to £6.22m. subject to tax of £3.18m. (£0.71m.). Last year profits totalled £2.74m.

The directors do not anticipate that there will be any material corporation tax charge payable in 1976/77 on 1975/76 profits.

	First half 1976 £m.	First half 1975 £m.	Year 1975 £m.
Sales	193.77	171.21	379.41
Trading profit*	12.56	8.24	17.57
Share assoc.	2.04	0.95	2.32
Interest paid	4.48	4.70	8.46
Profit before tax	10.12	4.49	11.63
Taxation	4.89	2.40	5.67
Net profit	5.23	2.09	5.96
Outside holders	1.68	0.84	2.22
Balance	3.55	1.25	3.74
Dividends	2.43	2.43	5.41

* Before metal a/c and after charging depreciation of £4.50m. (£3.87m.). ‡ Excludes rationalisation and redundancy costs (net) of £0.48m. (£0.22m.).

● **comment**

The extent of Delta's recovery this year hinges largely on the performance of the final quarter so at this distance most outsiders are pitching their 1976 profit forecasts within a fairly wide range (say £20m. to £25m. pre-tax). Delta's overseas operations are making up ground helped by exchange profits, a turnround out of the red in Europe and the way the first significant contribution from the new electrolytic manganese plant has been able to bolster South Africa. At home volume growth has been minimal with the U.K. upturn coming mostly from better house-keeping (for example, Delta's U.K. workforce is now some 14 per cent. down on its end-1975 levels). Higher copper prices are now beginning to work through to working capital levels but Delta is confident about improved cash controls, and earnings should stay in a firm uptrend through 1977. Meantime, the 1976 p/e at 54p could be around 9 while yield is 13.2 per cent. and this year likely to be covered around 1.3 times.

HIGHLIGHTS

The rights issue by General Accident (two for seven at 124p to raise £43m.) marks the end of the round of fund raising by the seven large insurance companies. Town and City's balance sheet shows that borrowings were still rising up to the Spring of this year. Among the trading companies, Vickers £14½m. profits were in line with the forecast, but the market was disappointed. However, the 41 per cent. rise in pre-tax profits of **Rowntree Mackintosh** led to a higher share price, and Lex comments. Elsewhere, **Delta Metal** reported a more than doubling of interim profits, mainly on its metal account. The insurance broking group, **C.T. Bowring**, reported a 63 per cent. rise in its interim profits. Other companies we comment on include **Ransomes, Sims and Jefferies, Scottish Agricultural Industries** and **Ibstock Johnsen.**

Spear & Jackson setback

IN LINE with the forecast in May by chairman Mr. S. M. De Bartolome of a low level of first half profit, Spear and Jackson International, the Sheffield-based tools and cutlery group, reports a pre-tax result down from £820,000 to £378,000 in the 26 weeks to July 3, 1976. First half turnover declined from £17.03m. to £16.8m.

Referring to the second half, Mr. de Bartolome says, the improvement on the first half that the directors are looking for will depend on the expected increase in order inflow and on the further improvement in margins, particularly at the tools company.

First half earnings per 25p share dropped from 7.1p to 3.0p. The net interim dividend is maintained at 1.58p, costing £84,042. Last year's total was 4.745p from profits of £1.19m.

● **comment**

Despite a return to profits by the hand tools division (after losses in the previous six months) Spear and Jackson's first half pre-tax level has fallen by 54 per cent. The weakest spots in the group have been the Swedish and Canadian industrial tool interests which saw turnrounds into the red of respectively £0.3m. and £75,000. The only area on the industrial side to show an improvement was the U.S. This is continuing to push ahead in the current half-year and with the hand tools division going from strength to strength, largely on the back of an upturn in demand for gardening tools, the group hopes to make up most, if not all of the leeway lost in the first half. One market though is still cautious, perhaps because of the high gearing (around 96 per cent.). The shares at 66p are yielding 11.3 per cent. on an historic p/e of less than 6.

Ibstock Johnsen upsurge

THE FIRST half of 1976 resulted in pre-tax profits of Ibstock Johnsen surging ahead £0.59m. to £1.75m. on turnover up from £7.18m. to £9.99m. Profit for the last full year totalled a record £2.58m.

Earnings for the half year per 25p share expanded from 7.94p to 8.5p and the interim dividend is stepped up from 2p to 2.2p net. It is the directors' present intention to pay total dividends of 5.5p (5p).

While news from the construction industry in the U.K. remains gloomy, in Europe the demand for the group's bricks has continued to strengthen and markets are steadily enlarging. It is the directors' policy to increase the scope of the company's operations in Europe where the opportunities seem better than in the U.K.

	Half year 1976 £	Half year 1975 £
Turnover	9,989,516	7,176,175
Trading profit	1,782,621	1,322,033
Investment income	113,055	29,287
Interest	149,358	191,733
Pre-tax profit	1,746,492	1,160,565
Taxation	902,957	569,571
Available	841,491	590,994

For the same period the company's subsidiary Ibstock Building Products reports turnover of £7.84m. (£5.62m.) and profits of £1.4m. (£0.88m.), subject to tax of £0.79m. (£0.46m.).

● **comment**

Current signs are that Ibstock Johnsen should be able to maintain the present growth trend and after a 50½ per cent. pre-tax rise in the first half this would point to profits of at least £3¾m. by the year end. Earnings per share at just over 18p would thus cover the 10.6 per cent. yield on the 82p shares more than 3½ times. The strength of the group's U.K. brick business is illustrated not only by the stated increase in brick production and by the plans to reopen a previously closed kiln, but also by the 1½ point increase in trading margins. The group has apparently had no trouble in getting good prices for its bricks in the home market partly because of the recent strength of private housebuilding and partly because economies are effected less on bricks than on some other building materials. Total cost, including working capital, of reopening the Lancashire kiln is £600,000 but otherwise the bulk of last year's £1.45m. rights issue remains unspent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Fisheries	int.	Nil	—	Nil	—	0.16
C. T. Bowring	int.	0.81†	Nov. 22	0.72	—(a)	2.3
Bury & Masco	int.	1.24	Nov. 5	1.24	—	3.85
Centrovincial Ests.		Nil	—	0.69	Nil	1.39
Delta Metal	int.	1.82	Jan. 3	1.82	—	4.09
Dolan Packaging		0.98	Jan. 6	0.93	2.08	1.93
Friedland Doggart	int.	1.09	Nov. 15	0.99	—	2.55
Gen. & Commercial	int.	1.75	Nov. 1	1.5	—	3.85
Harris & Sheldon Gp.	int.	1.27	Nov. 11	1.15	—	2.42
Highcroft Inv.	int.	0.7	—	0.6	—	1.46
Home Counties N'prs.	int.	0.75	Nov. 8	0.75	—	3
HTV	Special int.	3.5(d)	Nov. 12	—	—	—
HTV		Nil	—	3	2.25	4.25
Ibstock Johnson	int.	2	Nov. 12	2.2	—	5
Th. Marshal (Loxley)	int.	1	Nov. 1	1	—	2.93
Owen Owen	int.	0.55	Dec. 3	0.5	—	2.33
Pearson Longman	int.	1.75(b)	Nov. 12	1.4	—	4.87
Harold Perry Motors	int.	2.21	Dec. 9	2.01	—	4.42
Ransomes Sims Jfrs.	int.	2.3	Nov. 19	2.3	—	6.95
Rowntree Mackintosh	int.	2.3(b)	Jan. 6	1.26	—(c)	5.76
Scot. Agricultural	int.	4.5	Nov. 12	5.5	—	10.3
Southern Kinta		5	Nov. 16	6.5	7.5	9.5
Spear & Jackson		1.58	Jan. 7	1.58	—	4.75
Tehidy Minerals	int.	0.6	Nov. 22	0.54*	—	1.09*
Temple Bar Inv. Tst.	int.	2(b)	Oct. 29	1.3	—	5
Travis & Arnold	int.	0.62	Nov. 19	0.56	—	2.59(e)
Triplevest	int.	2.03	Oct. 31	1.89	—	3.54
Vickers	int.	3.5	Jan. 4	3.25	—	7.99
Anglo-American Corp.	int.	8(f)	Nov. 5	8	—	39

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross total 4.059p (3.53782p) intended. (b) To reduce disparity. (c) 7.25p forecast on increased capital. (d) For 1976-77. (e) For ten months. (f) South African cents.

H. Perry ahead at halfway

ON SALES 52 per cent. up at £27.86m. (£18.32m.), Finchley-based Harold Perry Motors achieved pre-tax profits of £824,646 for the six months to June 30, a 17 per cent. increase on last time's £705,547.

Interim dividend is 2.21p (2.0109375p) net per 25p share. Last year, the group paid total dividends of 4.4240625p on pre-tax profits of £1.31m.

Earnings per share are stated at 8.6p (7.4p).

Chairman Mr. J. F. Macgregor states that profits in the third quarter should be similar to those in 1975.

However, says Mr. Macgregor, any view of the prospects for the remainder of 1976 must take account of the uncertainties inherent in the country's present economic situation and the state of labour relations within the motor industry. Subject to these, the immediate outlook for the group is encouraging.

In 1976 so far, says the chairman, substantially increased profits have been made by contract hire and leasing activities, industrial engine sales, self-drive hire and spare parts sales.

	Half-year 1976 £	Half-year 1975 £
Sales	27,861,798	18,329,480
Profit before tax	824,646	705,547
Taxation	438,500	370,000
Net profit	386,146	335,547
Interim dividend	99,362	90,411
Retained	286,784	245,136

● **comment**

Perry's figures are certainly up to the mark. Though commercial vehicle sales have been poor and the used car market not as active as it has been, a sharp increase in new car sales, reflecting the return of fleet buyers, pushed profits up by 17 per cent. That the profits advance has lagged behind the sales increase of 52 per cent. was only to be expected given the change in the trading mix and the management's conscious efforts to contain margins having earlier exceeded reference levels. Perry indicates an unchanged third quarter but prospects for the fourth quarter look hard to define, balancing out the effect of higher interest rates and the introduction of a new Cortina. On the past 12 months' earnings the p/e is 4.6 at 72p while the prospective maximum yield is 10.7 per cent.

Harris & Sheldon increase

TURNOVER at Harris and Sheldon Group for the first half *of 1976 increased from £14.41m.* to £15.21m., and pre-tax profit expanded from £1.01m. to £1.24m. Interim dividend is raised from 1.15p to 1.265p net per 25p share.

The directors believe that general trading conditions may become more difficult during the latter part of 1976, but nevertheless they expect that pre-tax profit for the year will not be less than last year's record £3.2m. Dividends totalling 2.419p were paid in 1975.

The group manufactures a wide range of consumer goods.

	Half year 1976 £000	Half year 1975 £000	Year 1975 £000
Turnover	15,211	14,411	30,969
Profit before tax	1,242	1,013	3,205
Tax	646	527	1,638
Net profit	596	486	1,567
Interim dividend	335	308	641

● **comment**

On the face of it Harris and Sheldon has pushed first half pre-tax profits up by 23 per cent., on a 6 per cent. rise in sales, but the apparent improvement in margins in fact stems almost entirely from the exclusion this time of the unprofitable Hortico subsidiary which has been sold off. Trading has been better with both the lifts division and the suitcase side increasing their shares of what are currently declining markets. The forecast of unchanged full year profits suggests a sharp downturn in the second half and points to the third successive year of decline in return on capital employed. But the group is conservative by nature, the balance sheet is still strong (gearing in the last accounts was only about 10 per cent.) and the prospective yield of 10.6 per cent. at 40p is well up on the industrial group average.

Ransomes standstill

DESPITE sales £1.32m. ahead at £12.16m. taxable profit of machinery manufacturers Ransomes, Sims and Jefferies showed little change at £1.03m. for the six months to July 3, 1976, compared with £1.06m. for the corresponding period.

The directors warn that unfavourable factors are still continuing and it is envisaged that results for the year as a whole will not match last year's £2.44m.

Following an assessment of longer term prospects the directors have, however, decided to *invest some £4m. during the next* four years in production machinery, product development and working capital to exploit the sales potential of the company's tillage equipment in certain European countries where its share of the market has been small.

They have received confirmation from the Department of Industry that this project will be eligible for support as an accelerated project under Section 8 of the Industry Act 1972. Assistance will take the form of interest relief grants totalling £760,000 spread over about the next six years.

After tax of £534,000 (£549,000) the net balance comes through at £493,000 (£507,000). Earnings per £1 share are 9p (9.2p) and the interim dividend is held at 2.3p net. Last year's total was 6.95p.

● **comment**

Ransomes Sims and Jeffries has revised the profits forecast it made last May when it was looking for figures this year at least comparable with those of last. With the drought having affected grass-cutting machinery sales and the electric truck division still waiting for an industrial upturn, the small pre-tax fall in the first half is not expected to be offset by performance in the current six months. Prospects have also been changed by the rise in steel and other raw material prices which contributed to the 1½ point cut in margins in the first half. The shares at 105p after a 2p fall yesterday give an historic yield of nearly 10¼ per cent.

Call for Milford chief's resignation

Three directors of The Milford Docks Company, Mr. J. D. Jennings (deputy chairman), Mr. A. S. Bartlett and Mr. R. G. Horton representing the majority of the Board, announced yesterday that they have called an emergency Board meeting for Monday, September 27 at which Mr. C. A. V. Smith, the company chairman, will be asked to resign.

The directors state that "the conduct of Mr. Smith over the past 18 months in his capacity as chairman has given us grave cause for concern. We are particularly disturbed in view of recent adverse Press publicity linking Mr. Smith's actions with the company.

"Regarding Mr. Smith's reference to pending general meetings, nothing has been put to the directors and we are at a loss to know what he is talking about. What is his motive, they ask.

"The present Board having worked together successfully for ten years, the majority of the directors see no justification whatsoever in Mr. Smith's allegations.

"We hope to make a full statement to stockholders when the issues are clearer."

ISSUE NEWS

GA rights to raise £43m.

GA RIGHTS TO RAISE £43M.

General Accident is proposing a £43.6m. rights iss,e thus making it the seventh and last of the major insurance composites to raise new capital in this fasihon in the latest round which started two years ag owith Commercial Union. Altogether, the composites have now raised a combined £293m. since October, 1974.

General Accident shareholders are being offered two new shares for every seven held at a price of 124p—a discount of just under 20 per cent. on Wednesday's closing price.

The principal reason for the issue is to broaden the company's capital base. The issue will have the effect of raising GA's olvency margin by between 7-8 points to around 52 per cent. The current U.K. statutory minimum is shortly to be lifted to 16 per cent.

GA states that the Board "considers it prudent to ensure that the future growth is not inhibited and that the protection afforded to policyholders continues to be well in excess of the minimum required."

While reluctant to make a profits forecast for 1976, the GA Board expects to recommend a final dividend of 4.10p per share, giving a total dividend of 7.25p per share for the year. Treasury approval has been given for the increase.

A letter containing details of the issue is expected to be sent to shareholders to-day. The last date for acceptance of the [cut off] is November 1, 1976.

LSIT

The Directors of The [cut off] Securities Investment [cut off] announce that, in connec[cut off] with the 5 per cent. Conver[cut off] Unsecured Loan Stock [cut off] notices of conversion have [cut off] received from the holders [cut off] £4,152,566 of stock and, in co[cut off] tion with the 6¼ per cent. [cut off] vertible Unsecured Loan S[cut off] 1985, notices of conversion [cut off] been received from the holde[cut off] £596,939 of stock.

Accordingly, the £4,152,56[cut off] 5 per cent. Stock has been [cut off] verted into 3,322,053 ordinary [cut off] shares and the £596,939 of 6¼ [cut off] cent. stock has been conve[cut off] into 399,949 ordinary 50p sh[cut off]

The issued share capital of [cut off] company is now £80,175,3[cut off] divided into 160,350,781 ordi[cut off] shares of 50p each. As a re[cut off] of the conversions, £61,30[cut off] nominal of the 5 per cent. s[cut off] and £37,269,515 nominal of [cut off] 6¼ per cent. stock remains [cut off] standing.

FARMERS' LOAN

Application has been made [cut off] the Agricultural Mortgage [cut off] poration for the issue of £2m [cut off] 13¾ per cent. Bonds, Septem[cut off] 22, 1978 at par.

A proportion of these Bo[cut off] has been made available to [cut off] market for members of [cut off] public. Dealings start to-day [cut off]

AF expects modest profits

TRADING at Associated Fisheries has greatly improved in the past six months and chairman Mr. P. M. Tapscott expects a "modest profit" for the year to end-September, 1976, compared with a pre-tax loss of £2.03m. last time.

In the first half the company incurred a loss of £0.84m. (£1.62m.).

Once again no interim divi[cut off] will be paid, but a final will [cut off] recommended in February, aga[cut off] 0.1625p, he states.

● **comment**

Associated Fisheries is enjo[cut off] a major turnround in its fortu[cut off] but problems remain. The t[cut off] round derives mainly from m[cut off] better prices which have resu[cut off] from lower catches worldwide [cut off] newed American demand for [cut off] higher prices for alterna[cut off] animal protein sources such [cut off] beef and the depreciation [cut off] Sterling (for fish is an in[cut off] national commodity). Among [cut off] remaining problems are the fo[cut off] coming negotiations on quota[cut off] the fishing areas off Iceland.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield
—	F.P.	—	945	550	Amrica Med Int. Inc.($1)	945	+15	Q24c	—	1.4
—	F.P.	—	£27½	£21¼	Berry Pacific Fd.US$1	£27½	+1¼	40c	—	0.7
80p	F.P.	17/9	70	64	Borthwick (Thos.) 50p	66		66.5	2.0	12.8
—	F.P.	—	£28	£26¾	Dentsply Int. Inc. ($1)	£28	+⅝	—	—	—
—	F.P.	—	£31⅛	£25½	Esmark $US1	£28½	+⅛	Q$1.52	—	3.0
155	F.P.	15/9	250	170	Hambro Life Assur.	180		15.75	—	11.8
120	F.P.	23/9	111	97	Molins	103		66.5	2.4	10.0
US$7.06	F.P.		$2.60	$2	Renown Inc. Y50	$2.47		Q 15%	—	0.7
::	F.P.		139	96	Tokyo S.A. H	130		—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £
£100	F.P.	—	100	100	Agricultural Mortgage 13¾% Bond 1978	100
—	F.P.	—	106½	101½	Dentsply 9% £1/$ Conv. Uns. Loan 1991/96	106
£98.5	£10	—	19	£3½	Eastbourne Waterworks 8% Red. Pref. '85	£9
£10	—	—	10	9⅞	Gr. F. Asia Sterling Prf. Red. Prf. [illegible]	10
US$100	F.P.	—	LF98	LF98	Ind. Fund of Finland 9% Guar. Notes '84	LF98
£99½	£10	17/12	9¼	7¼	Islington 13¼% Red.Stock 1985	8¼
US$100	—	—	$105½	$100½	New Brunswick (Province of) 8¾%	$101½
US$99¼	F.P.	—	$98½	$98	Norsk Hydro 9% Bds. 1991	98½
‡£100	F.P.	1/10	100	94	Portsmouth Water 9% Red. Prf. Stk. 1981	94
C$ 100	Nil	12/11	99¼	98½	Royal Tst. Mort. 9¾% Red. 1982	99
US$ 10	F.P.	—	$100½	$99½	Saskatchewan (Prov. of) 8¾% Bds. 1986	$100

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p
13	F.P.	8/9	6/10	15¼	14	Astra Secs.	14
$A3.60	Nil	5/11	—	190	175	Bank N.S. Wales	180pm
10	Nil	27/9	12/11	1	¼	Bonas Webb	¼pm
$A4	Nil	—	—	390	345	Broken Hill Props.	385pm
27	F.P.	24/9	5/11	31	28½	Buckleys Brew.	31
20	F.P.	10/9	8/10	22¾	18½	Charterhall Finance	19
$A1.75	Nil	—	—	120	77	Comm. Bk. Aust.	82
185	F.P.	19/8	24/9	222	198	National Westminster	222
30	Nil	28/9	15/10	13½	12¼	Nolton Estates	12¼pm
25	Nil	1/10	2/11	5	4	P.M.A.	5pm
200	F.P.	19/8	1/10	251	214	Reed Intl.	230
24	Nil	2/8	8/10	25	25	Second City Prop.	24½
20	Nil	—	—	6¾	5	Shakespeare(J)	5½pm
$A1.28	F.P.	18/6	—	141	85	Western Mining	116
5	F.P.	24/9	15/10	8	7	Whatlings	8
75	F.P.	17/8	1.10	97	80	Whitecroft Ind.	90
70	P.Pd			90	47	Woodside-Burmah	90

Renunciation date usually last day for dealing free of stamp duty. a Fi[cut off] price to public. b Figures based on prospectus estimate. d Dividend rate paid [cut off] payable on part capital; cover based on dividend on full capital. p*** Pe[cut off] unless otherwise indicated. u Forecast dividend; cover based on previous ye[cut off] earnings. u Figures based on prospectus or other official estimate for 1[cut off] Q Gross. τ Figures assumed. ‡ Cover allows for conversion of shares not now rank[cut off] for dividends or ranking only for restricted dividends. ** Issued by ten[cut off] ✱ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Ri[cut off] by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued [cut off] connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued [cut off] former Preference holders. ‡ Allotment letters (or fully-paid). † provisional [cut off] partly-paid allotment letters. ‡ With warrants. ✦ After suspension.

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*Source: What Car? July 1976

SAAB 99GL

SAAB 99GL Combi Coupé

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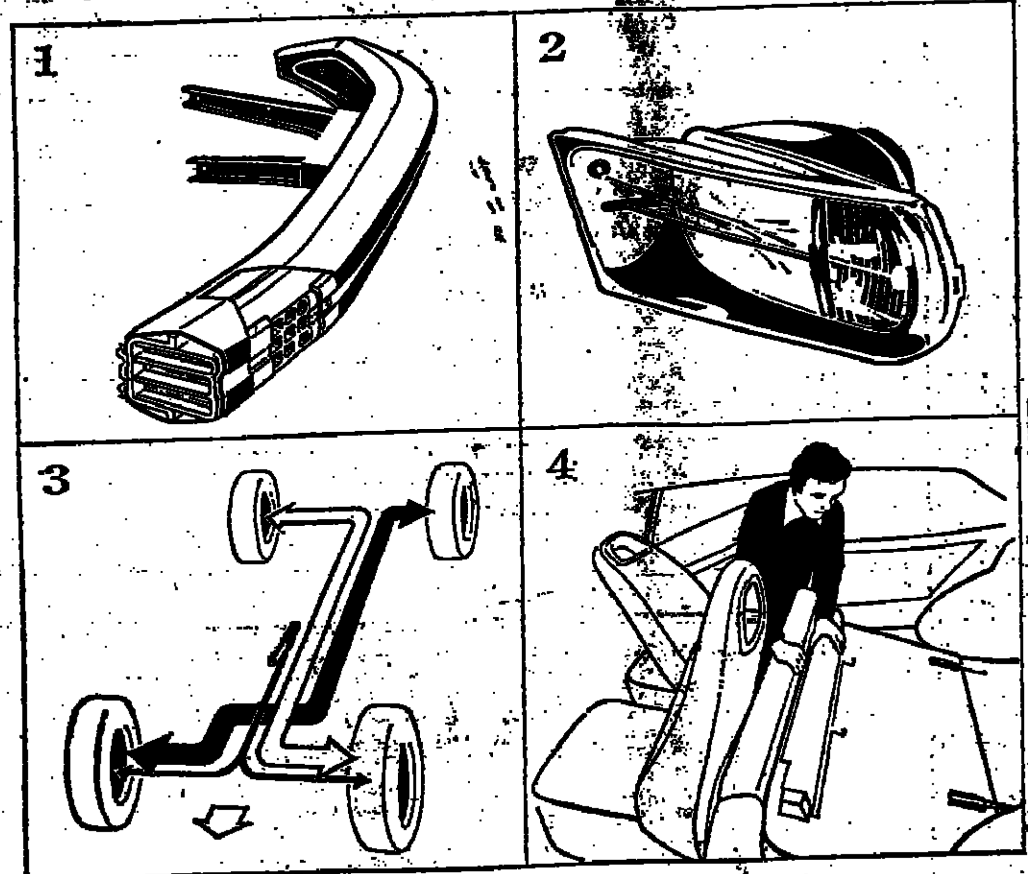
3 First diagonally split dual braking circuits.

4 Back seat folds flat—even on saloon models.



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The Rio Tinto-Zinc Corporation Limited

Unaudited Group results for the six months to 30 June 1976

The directors announce the unaudited results for the RTZ Group for the six months to 30 June 1976.

(£ millions)	First Half 1976	First Half 1975	Year 1975
Group sales revenue	766.3	539.6	1,184.0
Group operating profit	119.3	79.2	159.2
Share of profits of associated companies	8.6	2.2	6.0
Dividends and interest receivable	13.4	12.7	26.4
	141.3	94.1	191.6
Deduct: Interest payable	22.5	17.4	37.9
Group profit before tax	118.8	76.7	153.7
Deduct: Tax	55.3	40.8	68.7
Group profit after tax	63.5	35.9	85.0
Deduct: Attributable to outside shareholders	30.6	19.9	46.4
Net profit attributable to RTZ shareholders	£32.9m	£16.0m	£38.6m
Earnings per 25p ordinary share	13.07p	6.99p	15.57p
Dividends: Preference	0.2	0.2	0.4
Ordinary – Interim	7.6	6.3	6.3
– Final	—	—	6.6
	£7.8m	£6.5m	£13.3m
Declared per 25p ordinary share	3.18p	2.64p	5.42p
Gross equivalent to UK shareholders	4.89p	4.06p	8.34p

Notes:–

(1) The results of overseas operations have been translated from foreign currencies into sterling at the quoted rates of exchange as at 30 June 1976.

(2) No amount is included for any issues of accumulating ordinary shares allotted to holders of accumulating ordinary shares in lieu of dividend. These are capitalised from share premium account. The full cost of the 1976 interim dividend will depend upon the number of accumulating ordinary shares outstanding on the register as at close of business on 16 November 1976; the amount shown above is calculated in relation to the ordinary shares currently in issue. If all accumulating ordinary shares are converted to ordinary shares, the cost of the 1976 interim dividend will be £8.0m.

Group sales revenue

The early stages of economic recovery experienced *throughout most of the free world* in the first half of 1976 were reflected in an improvement in demand and in higher prices for many of the Group's products. Sales revenue in the period was £766.3 million, an increase of £227 million over the first six months of 1975. Approximately one-third of the increase was due, however, to the lower exchange rates for sterling used to translate the results of overseas subsidiaries compared with the rates used for the 1975 half year results. The depreciation of sterling was also an important factor in the 37 per cent increase in the LME copper price, which averaged £734 per tonne during the half year compared with £537 for the first half of 1975 and £557 for the whole of 1975.

Sales revenues of Bougainville and Lornex were higher due to the improved copper price and increased shipments, although for Bougainville this was partly offset by the substantial fall in the price of gold. Palabora's sales revenue was also higher, despite slightly lower shipments due to a planned shutdown of the smelter for normal maintenance.

Australian Mining and Smelting benefited from significant improvements in demand for lead and zinc, resulting in increased sales of concentrate and metal. Hamersley increased its shipments of iron ore and also realised higher prices, partly as a consequence of a strengthening of the US dollar in which selling prices are fixed.

RTZ Industries achieved a substantial growth in sales revenue, primarily through its aluminium fabricating activities in the United Kingdom and Canada and through its metal trading activities in the United States.

Sales by Rio Algom's uranium and steel operations, however, were reduced due to the effect of lower ore grades on uranium production, and to depressed market conditions in the steel division and strike action at its Tracy plant.

Sales by RTZ Borax's operations in the United States were largely unchanged from the first half of 1975 as increased revenue from borax products was offset by lower revenue from herbicides. In the United Kingdom, sales by the chemical companies increased with the general improvement in business conditions.

Group profit before tax

Group profit before tax was £118.8 million, an improvement of £42 million over that for the first half of 1975. The greater part of the improvement arose in CRA where all major operations contributed to the increase. RTZ Industries achieved improved results, reflecting the benefit of higher aluminium prices, an increased demand for its products and the disposal of a loss-making operation in Germany. RTZ Borax's profit was similar to that earned in the comparable period last year. The extent of the increase in profit from the copper operations at Palabora was restricted by the reduction in output. The results of Rio Algom's uranium and steel divisions were lower, but these were offset by the increased profit from Lornex's copper operations. Anglesey Aluminium achieved a profit following a marked improvement in production and increased aluminium prices. Oil revenues from the Argyll Field in the North Sea, which came into full production in the second half of 1975, also contributed to the improved profit.

Net profit

After deducting tax and the proportion of profits relating to outside shareholders, net profit attributable to RTZ shareholders was £32.9 million (13.07p per ordinary share), an increase of £16.9 million (6.08p per ordinary share) compared with the first half of 1975. Approximately 20 per cent of the increase in net profit is attributable to the lower exchange rates used to translate the results of overseas subsidiaries as at 30 June 1976 compared with those as at 30 June 1975.

Outlook

Given a continuation of the modest rate of recovery in major world economies and the maintenance of metal prices at current levels, earnings for the second half of 1976 should not be less than those for the first half of the year.

Dividends

The directors have declared a dividend of 1.6625p per share on the 3.325% 'A' cumulative preference shares of the company and a dividend of 1.75p per share on the 3.5% 'B' cumulative preference shares of the company both in respect of the half year to 31 December 1976. These dividends will be paid on 4 January 1977 to holders on the London and Melbourne registers as at close of business on 16 November 1976 and to holders of share warrants to bearer representing 3.5% 'B' cumulative preference shares on or after 4 January 1977 after presentation of coupon number 29.

The directors have declared an interim dividend of 3.18p per 25p share in respect of the year to 31 December 1976 on the ordinary share capital of the company, compared with 2.64p per share in 1975. Under present legislation, the increase of 0.54p per share represents the maximum allowable for the whole of 1976 over the total dividend for 1975. The interim dividend on the ordinary shares will be paid on 4 January 1977 to holders on the London *and Melbourne registers as at close of business on* 16 November 1976 and to holders of share warrants to bearer on or after 4 January 1977, after presentation of coupon number 32. In the case of holders of ordinary shares and 'A' cumulative preference shares on the Melbourne register, payment of the foregoing dividends will be made in Australian currency at the rate of exchange ruling on 1 December 1976.

The dividends on the ordinary and preference shares will be paid without deduction of income tax and will carry a tax credit. This credit will be available principally to United Kingdom resident shareholders and also to shareholders resident in certain other countries under double taxation agreements. The interim ordinary dividend for 1976 after adding the tax credit will be equivalent to a gross dividend of 4.89p per share (compared with 4.06p per share for the interim dividend for 1975).

Accumulating ordinary shares

Holders of accumulating ordinary shares at the close of business on 16 November 1976 will receive on 4 January 1977 a further allotment of accumulating ordinary shares, credited as fully paid, on the basis of 0.019296 of a new share for every share held at the close of business on 16 November 1976. Fractions of less than one half of a share will be eliminated and fractions of one half of a share or more will be rounded up to one whole share. Holders of accumulating ordinary shares will also receive a dividend of 0.1p per share.

Conversion of shares

In accordance with the articles of association as amended at the last annual general meeting, holders of ordinary shares and/or of accumulating ordinary shares may, if they so desire, convert all or part of their holdings into shares of the other class at any time during the year except during the interval between the record date and payment date for each dividend or, in the case of a capitalisation issue, between the record date and the date of effecting the capitalisation.

Notices of conversion appear on the reverse of all certificates for accumulating ordinary shares and on those for ordinary shares issued on the principal register on or after 1 November 1973. Ordinary share certificates issued on the Melbourne register on or after that date have been accompanied by a separate notice of conversion. Shareholders *holding only ordinary share certificates without such* notice of conversion can obtain a notice from the transfer office, 1 Redcliff Street, Bristol BS1 6NT, or, in the case of shareholders on the Melbourne register who have not already received a notice, from the Australian transfer office, 95 Collins Street, Melbourne 3001.

All notices of conversion, accompanied by the relevant share certificates, must be lodged at the appropriate transfer office of the company. Holders of shares resulting from such conversions will be entitled to receive on 4 January 1977 either the interim ordinary dividend or an allotment of accumulating ordinary shares together with a dividend of 0.1p per share as appropriate.

By order of the Board D. A. Streatfeild, Secretary

6 St. James's Square
London SW1Y 4LD.
22 September 1976.

As shareholders were advised earlier this year, it has been decided to discontinue individual mailing of the half-year report. Printed copies are, however, available on request from the company's transfer office 1 Redcliff Street, Bristol BS1 6NT.

RTZ

Vickers reaches £14.6m. after six months

FIRST HALF 1976 sales of Vickers expanded from £141.07m. to £202.82m. and despite interest charges up from £3.04m. to £4.46m., pre-tax profits advanced from £12.55m. to £14.59m. Profits for all 1975 reached £34.25m.

The chairman, Lord Robens says trading prospects for the second half suggest that overall performance may not fully match the strong results achieved during the second half of 1975.

Increased pressure on margins in several U.K. businesses is accompanied by the appearance of some gaps in the order book, occasioned principally by weakness in the home market, and these adverse factors are not altogether offset by the continuing *buoyancy of export markets.*

Nevertheless for the full year it is expected that trading profit will maintain the level achieved in 1975 and that the share of profits from associates will also be at a high level. Against this has to be set a heavy increase in interest charges so that the present expectation is that pre-tax profits for 1976 will approach the record figure achieved in 1975.

These expectations are based on the assumption that the Bill to nationalise the aircraft and shipbuilding industries will become law, but will not take effect before January 1, 1977.

After vesting date, Vickers will be without the income obtained from its shipbuilding activities and from its joint ownership of British Aircraft Corporation, but will receive compensation for the loss of these activities. These compensation monies will be put to the most productive use as quickly as possible, members are told.

The chairman points out that in the meantime it is encouraging that in the first half the many businesses not subject to *nationalisation together made* an increased contribution to profits and the directors expect this trend to be maintained.

First half earnings are shown to be up from 11.7p to 14.7p per £1 share and the interim dividend is lifted from 3.25p to 3.5p net costing £1.33m. Last year's final payment was 4.7379p.

	First half 1976	First half 1975	Year 1975
Sales*	202,815	141,067	324,994
Trading profit†	11,759	10,149	35,129
Investment income	97	177	422
Interest payable	4,462	3,044	6,877
Share associates‡	7,195	5,263	15,390
Profit before tax	14,589	12,547	34,254
Tax	7,360	6,600	16,567
Net profit	7,230	5,947	17,687
Minorities	638	633	1,492
Pref. dividends	189	189	379
Attributable Ord.††	6,442	5,125	15,816

* Includes shipbuilding sales £51.09m. (£23.53m.) and £64.4m.). † After depreciation includes shipbuilding profit £1.77m. (£2.3m. and £5.3m.). ‡ Includes share of British Aircraft Corporation profits £8.45m. (£5.14m. and £13m.). †† Before extraordinary items.

See Lex

First half loss at Owen Owen

DEPARTMENTAL store owners, Owen Owen incurred a pre-tax loss of £290,000 for the half year to July 31, 1976, struck after a deficit of £371,000 attributable to the new stores in the U.K. and Canada.

The loss compares with profits of £585,000 in the 1975 first half and record profits of £2.83m. for the year to January 1976.

The chairman, Mr. John Norman says the more profitable months lie ahead and it is on the results achieved then — including the extent to which first half losses of new stores will be recovered within the first financial year — that the outcome for the year must mainly depend.

The interim dividend is lifted from 0.5027p to 0.553p net per 25p share costing £49,000 (£45,000). Last year's final was 1.823p.

	Half year 1976	Half year 1975	Year 1975-76
Sales*	35,719	36,908	69,319
VAT included	1,490	1,338	2,909
Depreciation	391	303	605
Trading loss	244	†595	†3,973
Deduction††	46	10	141
Loss before tax	290	†585	†2,832
Tax	—	†41	1,332
Net loss‡	290	†544	†1,300
Minorities	9	36	207
Loss attributable	299	†298	†1,093

* Includes nearly £3m. from newly acquired or opened stores. † Profit. †† For increase in amount of unmatured profit carried forward. ‡ Represents dividends on the Pref. shares of G. W. Robinson less share of accrued loss.

Mr. Norman reports that profits of the established U.K. stores were substantially below those earned in the exceptional six months to July, 1975 and reflect lower consumer spending and increased operating costs "which we are making continued efforts to curb."

The integration of the eight stores acquired last November is proceeding very satisfactorily with sales volume up to expectation. The Richmond store which came into the group on March 29, is still in an early stage of development.

Despite an increasingly competitive environment, the established Canadian stores contributed a profit equal to last year, but the overall result was materially affected by the inclusion for the first time of the seasonal loss-making months of the St. Catharines store which was opened in September, 1975.

Great Universal Stores held 31.4 per cent. of the equity at March 31. Meeting, Sheffield on October 13 at noon.

● comment

Owen Owen's first half profits may be distorted by the £371,000 losses on new stores but the market still found the £839,000 turnround into the red (at the trading level) disappointing and the shares dropped 6p yesterday to 42p. Department stores generally have been having a tough time lately —consumer spending fell by 1 per cent. in real terms between the first and second quarters of 1976 —but Owen Owen seem to have suffered worse than most. *Losses* on new stores are being arrested and the group should do much better in its seasonally more important second half, but current evidence suggests that the full year profits will still be significantly down on the previous year. The yield of 9½ per cent., three points above the sector average, may have this in mind.

General & Commercial

Gross revenue of General and Commercial Investment Trust for the half year to August 31, 1976, advanced from £247,823 to £287,478 and earnings per 25p share are shown to be up from 2.17p to 2.55p.

The interim dividend is lifted from 1.5p to 1.75p net. Last year's total was 3.85p paid from gross revenue of £0.48m.

Centrovincial Estates in profit

As forecast, second half results of Centrovincial Estates show a substantial improvement in net revenue before tax giving a surplus of £122,000 for the year March 25, 1976, compared with a £160,000 loss. At midway there was a loss of £194,000 against revenue of £38,000.

Full year earnings per 20p *share are shown* at 1.29p (1.78p loss) before development interest. There is no dividend compared with a total of 1.385p net.

Capital losses of £2.76m. (£4.76m.) have been covered by transfer from reserves.

	1975-76 £000	1974-75 £000
Net prop. income	3,445	2,898
Dealing profits	120	*54
Interest payable	3,443	3,094
Revenue before tax	122	*160
Development int.	512	362
Tax credit	170	31
Minority loss	177	39
Net deficit	43	452

All U.K. investment properties *substantially completed* and let at March, 1976 have been independently valued.

Overseas properties have been valued by the directors, and substantial provisions have been made in respect of certain development properties.

Group net assets, including properties at new valuation, but not providing for tax which would arise only on sale of investment properties not earmarked for sale, amount to £22.3m., equal to 142.2p (160.1p) per share.

Since the year-end £2.5m. has been realised from the sale of U.K. investment properties and negotiations have been concluded for the sale of two Australian properties for the equivalent of £4.9m.

Waring & Gillow

Every effort is being made at Waring and Gillow (Holdings) to be in the strongest possible position to take advantage of any improvement *in trading conditions*, states the chairman, Mr. Manny Cussins.

During 1975-76, the clothing industry encountered tremendous problems, caused to a great extent by the general trade recession and low-priced imported garments. Unfortunately the recession has accelerated since the year-end, he tells members.

He cannot forecast what the results of the clothing division for the current year will be but the directors are carrying out a programme of severe rationalisation. "*In this way, we hope to* overcome the present difficult situation which is the worst that I can remember. We are also continuing with our policy of introducing, wherever possible, new techniques, more modern methods and expansion of our product ranges."

As reported on August 6, pre-tax profits for the year to March 31 were a record £2.74m. (£2.54m.). The dividend is the maximum permitted 3.17943p net.

Mr Cussins says the furniture division goes from strength to strength. Turnover (exclusive of VAT) increased from £21m. to £26.32m., and net profit from £2.16m. to £2.44m. So far in the current year furniture sales continue to increase.

In March the Head Lease of the group's premises in Regent Street was purchased, at a satisfactory price financed through a medium-term loan from its bankers. The directors have continued the policy of modernising existing stores and have spent a considerable sum to this end during the year.

Exports at the store in Regent Street amounted to £340,000. The group is also actively promoting exports to new markets in the developing world.

Progress at Bury & Masco

MANUFACTURERS of textil[e] products, Bury and Masco (Hol[d]ings) reports turnover up [from] £4.18m. to £5.4m. for the first hal[f] of 1976, and an advance in pr[e-]tax profits from £268,000 [to] £445,000.

The chairman, Mr. B. L. Alle[n] says the first half results must b[e] viewed in comparison with th[e] depressed trading conditio[ns] during the first half of 1975. Th[e] recovery which took place duri[ng] the second half of 1975 has be[en] maintained and it is felt that [a] similar level of trading and pro[fit]ability can be expected in th[e] second half of this year. Profi[ts] *for 1975 were £732,000.*

The interim dividend is held [at] 1.2403p net per 17½p share. La[st] year's final was 2.6133p.

	Half year 1976 £000	Half year 1975 £000
Turnover	5,403	4,179
Trading profit	474	381
Invest. income	10	5
Interest payable	39	38
Profit before tax	445	268
Taxation	231	139
Net profit	214	129
Extraord. debits	—	—
Leaving	214	129

The increase in value of tur[n]over of 29 per cent. reflects substantial improvement [in] export sales, which ha[ve] increased by 64 per cent. in valu[e] and in the sales of the U.S. su[b]sidiary, which have doubled [in] comparison with the low level [of] 1975.

Trade in the U.K. has bee[n] relatively quiet, members a[re] told, and has been exposed [to] pressures on margins in [a] number of areas, with sharp rises in raw material prices. Export and overseas sales for th[e] period account for 29 per cen[t] of turnover compared with [?] per cent. in the whole of 1975.

On April 15, 1976, the grou[p] acquired the business and certai[n] of the assets of Supreme Indu[s]trial Products, a felt cutter an[d] abrasive powders supplier [of] Chicago, for some £150,000 cas[h]. This is now operating as a di[vi]sion of Bacon Felt, serving th[e] substantial mid-West market.

Pearson Longman

Unaudited results for the half-year to 30th June, 1976.

	Half-year to 30th June 1976 £000	Half-year to 30th June 1975 £000	Year to 31st December 1975 £000
Turnover			
Longman Holdings Limited	12,232	10,216	23,103
The Penguin Publishing Company Limited	8,543	7,081	17,227
Ladybird Books Limited	1,603	1,549	3,415
Longman Penguin Limited	22,378	18,846	43,745
The Financial Times Limited	11,211	9,389	19,394
Westminster Press Limited	25,064	21,503	45,511
	58,653	49,738	108,650
Profit before interest			
Longman Holdings Limited	2,497	1,709	4,912
The Penguin Publishing Company Limited	887	207	2,327
Ladybird Books Limited	381	334	869
Longman Penguin Limited	3,685	2,330	8,108
The Financial Times Limited	1,401	845	1,084
Westminster Press Limited	1,998	913	1,738
Pearson Longman Limited	(4)	22	(59)
	7,080	4,110	10,871
Deduct			
Interest payable less interest receivable	(559)	(806)	(1,614)
Profit before taxation			
The company and its subsidiaries	6,521	3,304	9,257
Associated companies	468	279	632
	6,989	3,583	9,889
Taxation thereon			
The company and its subsidiaries			
United Kingdom	2,766	1,494	3,669
Overseas	584	278	1,074
	3,350	1,772	4,743
Associated companies	343	193	333
	3,693	1,965	5,076
Profit of the group after taxation	3,296	1,618	4,813
Profit attributable to minority interests	(137)	(5)	(195)
Profit after taxation attributable to Pearson Longman Limited	3,159	1,613	4,618

Dividends

	Pence per share 1976	Pence per share 1975	1976 £000	1975 £000	
preference			11	11	
ordinary interim	1.7500	1.4000	721	577	
tax credit to shareholders	0.9423	0.7538			
	2.6923	2.1538	732	588	
Profit retained			2,427	1,025	
Earnings per ordinary share			7.64p	3.89p	11.15p

Notes

1. In order to reduce the disparity between the interim and final dividends the directors propose to pay an interim dividend on the ordinary shares of 1.75p per share as against 1.4p per share in 1975. This dividend will be payable on 12th November, 1976 to shareholders on the register of members at the close of business on 15th October, 1976 and will entitle United Kingdom shareholders to a tax credit of thirty-five sixty-fifths of the actual amount received. It will therefore be equivalent to a gross dividend of 2.6923p per share (1975 2.1538p).
2. *United Kingdom tax has been calculated* at 52 per cent.
3. No account has been taken in these interim figures of differences which would arise on reconverting net assets in overseas currencies at the exchange rates ruling on 30th June. In total, these differences give rise to a surplus of £758,000.

Pearson Longman Limited

Registered Office: Millbank Tower, Millbank, London SW1P 4QZ.

MINING NEWS

GFSA looks on the brighter side

BY KENNETH MARSTON, MINING EDITOR

THE INDUSTRIAL demand for gold "could well exceed newly-mined free world supplies over the next 12 months," says Mr. Adriaan Louw in the annual report of Gold Fields of South Africa. But the uncertainty still surrounding gold prices is such that no estimate can be made of the average revenue likely to be received by the group's gold mines in the current year to next June.

However, Mr. Louw points out that for those mines which are able to maintain production, cost increases in the current year should be kept down to a level more in line with South Africa's average rate of price inflation than has been the case in the past few years. This is because increases in wages—representing more than 33 per cent. of operating costs—are now linked to the consumer price index under the Anti-inflation Manifesto.

New prospects

On the exploration side, GFSA outlined a "substantial" tonnage of uranium mineralisation at the Trekkopje prospect in South West Africa which could prove economic. "Very large" tonnages of coal have been delineated in an area, both owned and under option, in the Transvaal while a significant reserve of high grade coking coal has been established at a prospect in Rhodesia.

A go-ahead decision is to be taken in the first half of next year on a ferro-chrome project in the north-eastern Transvaal. Meanwhile, GFSA looks like having to live through another lean year but its resources can cover commitments in the forthcoming equity issues to be made for the Deelkraal and Elandsrand developing mines. GFSA were ...p yesterday.

SOUTHERN KINTA'S GOOD FINAL

The announcement of a higher dividend than had been expected from Southern Kinta Consolidated, part of the London Tin group, caused a lively response on the stock market yesterday. The final dividend is 5p. This is equal to 7.692p gross, which makes a total for the year to March 31 of 11.538p gross, compared with 9.4776p in 1974-75. The shares jumped 17p to 87p yesterday.

Southern Kinta's pre-tax profits for the past year are £1.18m., sharply down from £2.8m. in 1974-75. The fall had been expected following lower production in Malaysia and a strike in Thailand. The company is about to change domicile as a result of the bid for London Tin by Malaysia's state-owned Pernas Securities.

ANOTHER BERALT DIVIDEND

A further dividend is expected to be paid fairly shortly by Beralt Tin and Wolfram and on past estimates it seems likely to be a minimum of 2.5p per share.

This follows the news that Portuguese authorities have given permission for the company's subsidiary there to remit the 50m. escudos dividend declared in respect of 1975 in two equal instalments over the next two months. As soon as the money is received the London parent will consider the payment from it of a single dividend.

Meanwhile, Beralt shareholders can still expect the third and final instalment of the dividend declared by the subsidiary in respect of 1974. So far, they have received a payment of 1.75p followed by one of 1p. The remaining payment, probably of 1.25p, is likely to be made in the early part of next year. The latest half-year results from Beralt show a net profit of £380,000 compared with £695,000 a year ago when the total was £730,000. The shares were 30p yesterday

Anglo's half-year

SLIGHTLY higher net earnings of R41.1m. (£27.2m.) are reported for the first half of 1976 by Anglo American Corporation. They compare with £39.7m. a year ago and the 1975 total of £84.4m. An unchanged interim is declared of 8 cents (5.3p): the previous year's final was 25 cents.

The big South African group's interests cover virtually all aspects of mining, together with industrial finance and property activities. Gold is the single largest source investment income, producing 47 per cent. of the total in 1975. So the question remains as to how revenue from other areas can offset the expected fall in that from gold in the current half-year.

At the end of this year Anglo is to consider making a provision for part of the investment in the suspended Tenke - Fungurume copper project in Zaire, this provision to be met by an appropriation from reserves. The market value of investments at June 30 last was R931.6m. (£616.5m.) compared with R997.8m. at end-1975. Anglo were 240p yesterday.

	Half-year ended 30.6.76 R000	30.6.75 R000
Profit before tax	44.214	42.814
Taxation	1.706	1.312
Net profit	42.505	41.702
Minorities	[illegible]	1.411
Attributable	41.2[illegible]	39.[illegible]91
Preferred dividend	142	147
Equity earnings	41.08[illegible]	39.745
Interim dividend	10.324	16.331

Mount Lyell in jeopardy

THE Tasmanian copper-producing Mount Lyell offshoot of Consolidated Gold Fields Australia, will incur "very substantial losses" in 1976-77 unless there is a very substantial increase in the copper price, or a dramatic change in the exchange rate between sterling and the Australian dollar, such as a devaluation of the latter.

This stern warning was given at yesterday's Sydney meeting by the chairman, Sir Brian Massy-Greene who added that it was a matter of fine judgment how long the company should continue to operate in a loss situation. He said a London Metal Exchange copper price of about £1,050 per tonne was needed to meet present operating costs, compared with the current level of around £846.

The outlook for copper was now better, he added, but there must be a measure of uncertainty whether Mt. Lyell would generate sufficient revenue in the immediate years ahead to meet costs of future operations. "The survival of the company continues to be a matter of serious concern."

Sir Brian also warned that it might also be necessary to call up capital on the contributing shares, although the company appeared to have adequate cash resources to meet its commitments in the current financial year. In London, Mt. Lyell shares fell 6p to 60p yesterday.

IRON ORE FIND

Test drillings have revealed a significant new iron ore deposit at Riddarhyttan in central Sweden, Fagersta Steel disclosed. It is estimated that the deposit contains 25m. tons of iron ore, which would yield about 10m. tons of concentrates.

The quality is said to be higher than that of the Riddarhyttan mine, which Fagersta jointly owns with Sandvik. Phosphorus and sulphur levels are low, it is claimed.

RENISON LOOKS AT PLANT PLANS

The Tasmanian tin producer, Renison, which is part of the Consolidated Gold Fields Australia group, is examing plans to construct additional plant for the upgrading of tin concentrates, the chairman, Mr. B. W. Andrew, told the annual meeting yesterday. This would provide a single high grade product acceptable to smelters in Australia and elsewhere.

Renison is studying the feasibility of building its own smelter. Mr. Andrew said it had arranged for Mitsubishi Metal Corporation to smelt a quantity of leached concentrate and to prepare a report on smelting. He was confident about the outlook for the current year, provided cost escalation could be brought under control.

Land & House £3.2m. sales

The Land and House Property Corporation has agreed to sell two freehold and two leasehold office buildings in St. Peter's Street, Colchester, for £3.2m. After repayment of a mortgage secured on these and other properties of £1,395,000, the sale proceeds will be used to improve liquidity, the company stated.

The sale produces a net surplus over book value of £920,000 before provision for sale expenses and tax on the capital gain. These are estimated at £300,000. The loss of rental income from the properties sold will be £114,000 a year. Interest payable on the mortgage to be redeemed amounts to £153,725 a year.

Bowring up 64% so far

IN THE first half of 1976, pre-tax profits of C. T. Bowring and Co. jumped by 64 per cent. from £6.86m. to £11.24m. on turnover up from £322.3m. to £428.3m.

The chairman, Mr. Edgar Bowring, says a similar rate of growth cannot be expected in the second half but results will show an improvement on the second half of 1975, thereby making 1976 a record year. Profits for all 1975 were £15.14m.

The interim dividend is lifted from 0.715p to 0.8125p net per 25p share, costing £855,000, and the directors intend to propose total gross dividends of 4.059p (3.537825p) for the year, an increase of 14.7 per cent. Treasury approval has been given in the context of the rights issues in April.

	Six months 1976 £000	1975 £000	Year 1975 £000
Turnover	428,232	322,375	652,900
Profit before tax	11,243	6,855	15,141
Tax	5,744	3,602	8,328
Net profit	5,499	3,253	6,815
Minorities	252	136	324
Leaving	5,247	3,117	6,494
Preference dividend	5	5	11
Available Ordinary	5,242	3,112	6,483

All sectors, other than trading and property, contributed to the increase members are told.

Insurance broking had an exceptionally good first half while Bowmaker, the credit finance and engineering subsidiary, continued its strong recovery.

Merchant banking and insurance underwriting produced improved results and the shipping company made a small profit in the first half although the outcome for the full year is less certain. Trading operations made a reduced profit, although it is expected that profit for the full year will be similar to 1975. The property companies continued to trade at a loss.

● comment

The chances are that Bowring can come up with profits of £22½m. pre-tax for 1976. There is no particular seasonal loading in the first half figures, the weakness of sterling continues to underpin the performance of the dominant insurance broking division and the group is making steady headway in all of other major areas. Bowmaker may have hire purchase problems this half if money costs stay high but its industrial operations are active: at the merchant banks (Singer and Friedlander) this year's bad debt provisions will be a lot lower; and underwriting is ahead. At 71p the shares yield a well covered 5.8 per cent., and the fully diluted prospective p/e (on average capital) is under 9.

JONAS WOODHEAD

During the final conversion period ended September 20, 1976, a total of £490,119 of Jonas Woodhead and Sons 9½ per cent. Convertible Unsecured Loan stock 1989/94 was lodged for conversion which will result in the issue of 356,430 Ordinary shares.

Edbro still expects big profit rise

At the annual meeting of Edbro (Holdings) the chairman, Mr. Lawrence Tindale, referred to his chairman's review in which he stated that the current year had started well in most areas, and that it appeared reasonable to look forward to some substantial advance in the current year's operations.

This, he said, had proved to be the case with sustained high levels of output for the opening months of the current year resulting in levels of profitability which he felt would match the performance of the second half of the previous year. This was despite the incidence of holidays in the first six months period.

He went on to say that the outlook for the second half was as yet unclear. There was some evidence of slackening of demand and increasing stocks in distributors' hands. The upturn in world trade appeared to be certainly slower and possibly less pronounced than had been expected by most economic forecasters.

Nevertheless, taking everything into account he still expected "some substantial advance in the outcome of the current year's operations."

Oliver Pell loss for year

Electromagnetic components manufacturer Oliver Pell Control reports a loss of £81,566 for the year ended March 31, 1976, against a profit of £40,804. The deficit is struck after a tax credit of £65,451 (debit £48,000) and a write-back of £50,000 exceptional provisions against valuations of stock at March 31, 1975.

Turnover for the year was down at £2,283,065 (£2,670,655).

There is again no dividend—none has been paid since 1974's final of 5.025p net per 50p share.

The company's half-time loss was £26,500 (profit £45,000).

Rowntree Mackintosh up £2.6m. in first half

Turnover for the first 24 weeks to June 19, 1976 at Rowntree Mackintosh increased by 23 per cent. to £155.1m.—47 per cent. of which went outside the U.K.—and pre-tax profit was up from £6.4m. to £9m.

Sales and margins have been maintained at a satisfactory level into the second half and chairman Sir Donald Barron expects an increase in turnover will produce profits and earnings per share which, although not showing the same percentage rise as in the first half, "will be well in excess of last year's figures."

For the full year 1975 turnover was £316.57m. and pre-tax profit a record £22.67m. Dividends totalled 5.76p net and in June the directors forecast 7.23p on increased capital for the current year.

To reduce disparity, the interim dividend is being lifted from 1.26p to 2.5p, representing 34 per cent. of the expected total and taking £1.08m.

It is pointed out that the 1975 half year profit figure has been increased by £2.56m. and the 1975 full year figure by £1.01m.—to conform with the Statement of Standard Accounting Practice No. 9 the basis of valuation of stocks has been changed with effect from January 4, 1976 to include fixed production overheads.

Although no additional tax arises in respect of 1975 due to the change in basis of valuing stocks, comparative tax charges have been adjusted to preserve comparison with 1976.

Extraordinary items will arise in the year, consisting principally of adjustments on revaluation of overseas currencies. At June 19, 1976 these items would have amounted to a total credit of £3.6m.

First half growth in sales, both in volume and in value, was well spread throughout the group. Export sales were particularly buoyant, the chairman says.

Trading margins held up well, bearing in mind the continuing rise in costs and the effect of price controls in most countries in which the company has manufacturing operations.

	24 weeks 1976 £000	1975 £000	Year 1975 £000
Turnover	155,100	126,300	316,568
Trading profit	11,428	9,528	30,278
Interest paid	2,430	3,470	7,606
Profit before tax	8,998	6,396	22,672
Taxation	4,660	3,240	11,299
Net profit	4,338	2,156	11,373
Minorities	508	480	1,258
Attributable	3,809	2,676	10,115

The capital expenditure programme for 1976 of £15.6m. (£8.1m.) is on target, he adds.

The falling value of the pound, while increasing the sterling equivalent of overseas profits, also has the effect of raising many U.K. costs, particularly imported ingredients—the directors have continued their policy of having long priced cover of many items including cocoa beans.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Allied Polymer, A. F. Bulgin, Chersonese (F. M. S.) Estates, Hartle Machinery International, North British Canadian Investment, Peck Holdings, Sheffield Brick, Southampton Isle of Wight and South of England Royal Mail Steam Packet, Whatman Reeve Angel.

Finals: Dowding and Mills, Ferry Pickering, Tweefontein United Collieries, Wearwell.

FUTURE DATES

Interims:	
APV	Sept. 30
Bilton (Percy)	Sept. 27
Debenhams	Oct. 7
Lane (Percy)	Oct. 5
Marshall Cavendish	Oct. 4
Siemmsen Hunter	Oct. 6
Telephone and General Trust	Sept. 27
Wills (George)	Oct. 1
Wolstenholem Bronze Powders	Sept. 28
Yorkshire Fine Woollen Spinners	Sept. 29
Finals:	
Caskot (S.)	Oct. 12
Cradley Printing	Sept. 30
Sizewell European Invest. Trust	Sept. 29
Startrite Engineering	Sept. 30
Willows Francis	Sept. 27

Halfway fall at Bestwood

Profit of Bestwood Company declined from £12,712 to £10,279 in the first half of 1976 before tax of £5,389 compared with £7,670—after the shares sale in Alma Components less tax amounting to £14,211 (nil), the balance emerges at £18,901, against £5,047.

The directors report that preliminary figures for the 24.6 per cent. owned Foraky for the year to end-June, 1976 indicate that the £0.5m. forecast will be significantly exceeded, and the outlook for the year 1976-77 is for continued improvement.

After a hesitant start to the year, sales of the subsidiary, John Brown (Printers) "reflect the general improvement in industry" and are ahead of the similar period of last year.

For the year 1975 net profit of Bestwood was £19,909 and the dividend 0.748p net.

Recovery at Phoenix Timber

Mr. A. Gourvitch, chairman of Phoenix Timber told shareholders at the AGM that information to hand enabled him to confirm that expectations made in the annual statement that half year results to September 30, 1976, were expected to exceed whole of last year's group pre-tax profit of £440,000.

He added that the first half year's group pre-tax results should be about double last year's total figure.

T. Marshall steady at halftime

ON SALES up from £5.36m. to £6.15m., pre-tax profit of Thomas Marshall and Co. (Loxley) remained steady at £430,000 (£425,000) for the half year to June 30, 1976. The profit is struck after depreciation of £123,000 (£100,000) and interest of £89,000 (£99,000).

An unchanged interim dividend of 1p net per 25p share is announced. Last year the company paid divdends totalling 2.025p after record pre-tax profits of £867,271.

Tax takes £224,000 against £221,000, and earnings per share are given as 3.7p (same).

The directors state that, with a high level of activity for the rest of the year, and some relaxation of the price controls at home, they expect that the profit for the year will be similar to the excellent result for 1975, even though they have had very large increases in fuel and power bills.

Tranwood AGM adjourned

At the annual meeting of Tranwood Group, which was adjourned, chairman Mr. Alan Hilton referred to an announcement made on August 20 concerning the losses which have resulted in the necessity to liquidate two of the plastic companies of the group.

In that announcement it was indicated that a circular giving details of the past and current trading of Tranwood would be sent to holders before the meeting. It had not been possible to send this circular because there remains a certain amount of professional work to be completed.

It is now hoped to reconvene the annual meeting for Monday, November 22.

He reiterated that the remaining divisions of Tranwood are trading profitably.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Qantas losses affected by marketing deals

BY KENNETH RANDALL CANBERRA, Sept. 23.

QANTAS, Australia's government owned international airline, had an operating loss, after tax, of more than $A7.2m. (about £5m.) for the year to March 31. The pre-tax loss on airline operations was $A14.2m. (about £10m.) on revenue of $A471.2m. (about £330m.).

The Qantas chairman, Sir Lenox Hewitt, said in his annual report tabled in Parliament to-day that "the most serious factor in the airline" operations during the year was the loss of revenue which the company suffered from the growth throughout the world of illegal and unethical marketing practices and its spread to the Australian market-place.

Sir Lenox said to-day that it had been estimated within Qantas that these practices had cost the airline's revenue as much as $A25m. within Australia and another $25m. overseas.

Sir Lenox added it had ben a haemorrhage on Qantas revenue until the Australian government tightened its air navigation regulation in April to crack down on sales below agreed fare levels. The practices had now been substantially eliminated, he said, and Qantas was currently trading a profit with excellent prospects.

Sir Lenox admitted that in markets where there had not been a serious attempt to "clean-up" the situation, Qantas itself had gone in for discounting.

Transport department officials in Canberra said the most common illegal practices involved in their recent clean-up had taken the form of kickbacks to passengers and some travel agents. Selling practices of other airlines were currently under investigation and some fare deals were also being studied.

They said the Government was likely to approve a series of special Qantas charters into Australia in the coming year from the United States and Japan.

Qantas lost $A4.4m. (£3m.) in 1974-75, but windfall gains on exchange rate changes ($A5m.) and the sale of aircraft converted this to a profit after tax of $A6.4m.

In the past year, the company sold another three Boeing 707 aircraft for $A7m. but exchange gains amounted to only $A177,000.

Total revenue was up by 18.2 per cent. but could not overtake the 20.4 per cent. rise in expenditure, where employee costs accounted for more than 37 per cent.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	CONVERTIBLES	Bid	Offer
Alcan 9½pc 1989	104	104½	American Express 4¼pc '87	85	87
Aquitaine 10pc 1985	104½	105½	Ashland 5pc 1988	83½	85½
Bowater 9½pc 1986	103	103½	Beatrice Foods 4½pc 1993	101½	103½
Caisse Nat. Autorte 9pc '85	99½	100½	Beatrice Foods 4½pc 1992	119½	121½
CNE 9½pc 1985	100½	101¼	Borden 5pc 1992	103½	105½
ECS 9½pc 1986	102	102½	Broadway Hale 4½pc 1987	78½	80½
EIB 9½pc 1985	104	104½	Canon Camera 7½pc 1989	156	161
Erap 9½pc 1985	102½	103	Carnation 4pc 1987	87	89
Esso 9pc 1986 Nov.	100½	101½	Chevron 5pc 1988	120½	122½
Eurofima 8¾pc 1983	101	101½	Dart 4½pc 1987	89	91
Granges 9½pc 1985	102½	103½	Eastman Kodak 4½pc 1988	111	113
ISE Canada 9½pc 1986	102	102½	Economic Labs. 4½pc 1987	79	81
Massey Ferguson 9¼pc 1991	101½	102¼	Fed. Dept. Stores 4½pc '85	116	118
Michelin 9½pc 1986	100½	101½	Firestone 5pc 1988	90	92
Modo 9½pc 1983	102	102½	Ford 6pc 1986	96½	98½
Nat. Westminster 9pc 1986	99½	100½	Ford 5pc 1988	90	92
Norpipe 9½pc 1986	100½	101½	General Electric 4¼pc 1987	89	91
Norsk Hydro 9½pc 1986	102½	103½	Gillette 4½pc 1987	77½	79½
Oslo 9pc 1988	100½	101	Gould 5pc 1987	99½	101½
Pacific Light 8pc 1988	97	97½	Gulf and Western 5pc 1988	84½	86½
Prov. Quebec 9pc 1984	101	101½	Harris 5pc 1992	94	96
Sandvik 9½pc 1988	102	102½	Honeywell 6pc 1986	84½	86½
Prov. Saskatchwn 8½pc '86	100½	101	ITT 4½pc 1987	80½	82½
SFE 9pc 1983	101	101½	Komatsu 7½pc 1990	109	110
Shell 8pc 1986	101½	102½	J. Ray McDermott 4½pc '87	156½	158½
Stand. Oil (Ind.) 8½pc '88	102½	103½	Mitsubishi Elec. 7½pc 1991	108	110
Svenska Handels 9½pc 1986	102	102½	Mitsui 7½pc 1990	104½	105½
Volvo 9½pc 1985	104	104½	J. P. Morgan 4½pc 1987	110	112
NOTES			Nabisco 5½pc 1988	96½	98½
			Owens Illinois 4½pc 1987	106	109
			J. C. Penney 4½pc 1987	83½	85½
Bank of Tokyo 8½pc 1981	101	101½	Pioneer 6½pc 1989	305	
Barclays 9½pc 1982	102½	103½	Raymond 8½pc 1983	104	105
British Gas 9pc 1981	101½	102½	Revlon 4½pc 1987	114	116
Charbnngs. France 8½pc '81	100	100½	Reynolds Metals 5pc 1988	92½	94½
Denmark Mort. Bk. 9pc '83	100½	101	Sperry Rand 4½pc 1987	101	103
ECS 8½pc 1981	101½	102½	Squibb 4½pc 1987	83½	85½
EEC 8½pc 1982	98½	99½	Texaco 4½pc 1988	79	81
Montreal Urban 8½pc '81	98½	99½	Toshiba 6½pc 1990	107½	108½
Nacnal Financiera 10pc '81	103	103½	Union Carbide 4½pc 1982	114½	116½
Nat. Coal Board 8½pc 1981	99½	100½	Warner Lambert 4½pc 1987	90½	92½
N Brunswick Prov. 8½pc '83	100½	101½	Warner Lambert 4½pc 1988	85½	87½
Seasram 9pc 1983	102	102½	Xerox 5pc 1988	78	80

Source: White Weld Securities. Source: Kidder, Peabody Securities.

Following the recent upheaval at Fiat **Anthony Robinson** *discusses prospects with Signor Romiti, finance director, in Turin*

After the storm at Fiat

OVER THE last three difficult years for the automotive industry, Fiat has managed to pay dividends only by dipping into reserves, foreign imports have climbed to take 40 per cent. of the domestic car market, a boardroom row last month led to the resignation of managing director Carlo de Benedetti after less than four months in the job and Fiat's heavy overseas investment programme in Brazil and elsewhere has led to growing speculation in Italy that the Agnelli brothers were preparing their gradual exit from an Italy affected by deep seated economic problems and political uncertainty.

And yet over the first half of 1976 Fiat's domestic and overseas turnover rose by over 50 per cent. and investment continues at a high level.

The Board has just reported an improvement in the underlying financial position which seems set to continue, provided that the labour negotiations this autumn take place in an orderly fashion and the government does not impose further fiscal burdens on the industry.

The Agnelli family have underlined their commitment to Fiat by buying back the Fiat shares formerly controlled by Sig. de Benedetti and in this way increased the packet of Fiat shares held by the family-controlled IFI Holding Company, to 33 per cent.

The situation is clearly a complex one and to get a more detailed analysis of Fiat's current position and prospects, Fiat's finance director and member of the top level management committee, Sig. Cesare Romiti, agreed to examine the situation.

First, Sig. Romiti confirmed that the resignation of Sig. de Benedetti was essentially the result of incompatibility between the sort of personal activist style to which Sig. de Benedetti has been accustomed at his relatively small family company Gilardini and the necessarily institutionalised management structure of the Fiat group.

But the official Fiat view is that the resignation decision was "an act of honesty" which was traumatic at the time but infinitely preferable to risking the development of factional infighting within the management team. This was a risk recognised by both sides who, on a personal level, parted amicably. At the same time the consequent reinforcement of the Agnelli family stake in Fiat has underlined the stability of the Fiat ownership pattern.

As for the Fiat group itself, the most important underlying fact is that Fiat has continued and will continue to invest heavily both in Italy and abroad and has carried out a wide-ranging managerial reorganisation into a holding company structure.

World-wide investments of the Fiat group amounted to L774bn. in 1975, of which L508bn. was in Italy and L266bn. abroad (some L200bn. of which was in Brazil).

In the current year investments are expected to total L928bn., of which L567bn. will be in Italy and L361bn. abroad (L260bn. in Brazil) while next year's investment plans, currently in an advanced state of preparation, will considerably exceed L1,000bn.

The bulk of Fiat's investments are financed from cash flow, a situation reflected in the consistently high depreciation provisions.

Last year was one of the few years in which Fiat did not manage to depreciate to the full limits allowed by the tax laws. This year, according to Sig. Romiti, Fiat expects to be able to set aside the maximum permitted amount for both ordinary and accelerated depreciation, the director implied that on present trends this would still leave a profit margin considerably above the meagre L107m. (around £85,000) reported last year.

Borrowings

One of the principal indicators of the improvement in Fiat's underlying financial situation is the fact that whereas at the end of 1975 Fiat Spa. had a net short term debt position with the banks of L169bn., by the end of June this had been transformed into a net credit of L50bn. which had increased to L120bn. by the end of August.

This is in addition to the total of L70bn. tied up in a non-interest-bearing account at the Bank of Italy under the 50 per cent. import deposit scheme. The advantage of this liquidity can be gauged from the fact that the prime rate Italian banks apply to borrowers is now around 19 per cent. while bank deposits on this scale can command between 10 and 15 per cent. interest even on current account.

The principal cause of this increased liquidity is the higher cash flow arising from high turnover. But on a technical level it also reflects Fiat's overall strategy of debt consolidation. This was typified by the borrowing of L100bn. from IMI for ten years at 12.6 per cent. last January and a similar L100bn. loan from Mediobanca on a six month variable rate basis. In addition Fiat has recently raised L74bn. at an average of 6.5/7 per cent. in the form of export credits from IMI, Mediobanca, the London branch of Credito Italiano, Efibanca and others plus a total L170bn. of subsidised credit in connection with its new plant in Southern Italy. After repayments, Fiat has raised its net long and medium term debt by L70bn. this year to a total of L490bn.

But apart from the technical aspect of this debt consolidation

TURNOVER OF FIATS PRINCIPAL SECTORS

FIRST HALF (In Billion Lire)

CARS	1,519	1,017
TRUCKS*	753	450
STEEL	164	129
ENGINEERING PRODUCTS	72	21

*Turnover of Italian made trucks only, total turnover of Iveco Lire1,170bn. in first half 1976.

programme in Italy, the switch round from a short term debt of L169bn. to a credit of L120bn. in nine months within the context of a total group investment programme of L928bn. this year gives an indication of the strength of Fiat's cash flow, substantially improved by the higher turnover achieved this year.

But this begs the question just how far the 50 per cent. turnover increase from L1705bn. in first half 1975 to L2,670bn. over the first half 1976 was due to contingent factors and how much is attributable to higher output and improved operational efficiency.

Sig. Romiti made clear that the bulk of the improvement was due to two factors, higher prices and the beneficial effect of lire devaluation in swelling the lire value of higher exports.

Strikes over the first four months caused an 8 per cent. drop in the Italian production of trucks for the Iveco group (although Iveco production overall rose 2.3 per cent. thanks to Unic and Khd). Fiat, Lancia and Autobianchi lost output of an estimated 85,000 vehicles and car production at 650,000 units actually fell by 1,000 units compared with the already depressed first half of 1975.

Although exports rose nearly 6 per cent. to 278,000 units, 43 per cent. of the total.

In spite of this longer output however automobile turnover rose 50 per cent. from Lira 1,017bn. to Lire 1,519bn. while turnover of Fiat Veicoli Industriali, the Italian member of the Iveco group, rose from Lire 450bn. to Lire 753bn. Admittedly the success of the new Lancia and Fiat Mirafiori models has changed the product mix to include a bigger proportion of expensive up market models, but even so the average 20 per cent. increase in prices clearly accounted for a large part of the turnover increase while lire devaluation acounted for the bulk of the rest.

But inflation and devaluation are double edged weapons and Sig Romiti says that over the first half of the year Fiat's raw material costs rose 40 per cent., steel products rose 13 per cent., semi-manufactured product prices rose between 18 and 22 per cent. and labour costs rose 23 per cent., of which 13 per cent. was due to the new labour contract and 10 per cent. to the inflation linked cost of living increases. As time goes on the initial benefis of devaluation and higher prices are likely to be substantially reduced by the accumulated effect on costs.

Indeed the moral of this story is that while the secret of Fiat's long term performance lies in its heavy domestic and overseas investment policy, its present liquidity and immediate profit outlook reflects the way in which it has aggressively raised prices, concentrated on exports and maximised the benefits of lire devaluation.

As Sig Romiti pointed out, what Fiat has done this year is essentially to re-coup the negative effects of an over-valued Lire in 1975 and of the government's price fixing policies in 1974 and 1975.

For the last three years, cars have been Fiat's Achilles heel but this year the auto group expects to break even after providing for the maximum permitted depreciation. This represents a very significant development as in recent years Fiat as a whole has only managed to show a small profit thanks to the contribution of sectors like trucks, tractors, steel and other areas which have compensated for losses by the car division still around 60 per cent. of turnover. The elimination of losses from this source implies that the profits of these other sectors will now show through.

This is important because the non-car sectors are those which managed to show the best growth over the first half and this is particularly true of Fiat's steel, foundry forge and special steel interests which the group has earmarked as a major growth area, with particular emphasis on expanding sales to third parties outside the Fiat group.

Production and turnover of tractors, machine tools, components and other sectors also showed substantial growth and orders in hand, like the recent Soviet order for $130m. of machine tools, are reassuring.

Sig. Romiti insisted that Fiat still believes in the future of the motor car and is planning to step up investment in order to provide the re-styling and new models which are urgently needed to combat the challenge from the new Ford Fiesta and other models whose availability, competitive pricing and style have contributed to the erosion of Fiat's domestic market share.

But the proportion of investment going into the car sectors is likely to decline relatively as Fiat pushes ahead with its diversification into sectors like special steels, machine tools, components and expands its highly successful and profitable truck and tractor subsidiaries, earthmoving equipment and so on.

To give an idea of current invetment priorities, Fiat's cars investment world wide, including Brazil, totalled around L700bn. over the 1975-76 period as against L300bn. in trucks and L270bn. in its steel and foundry sectors over the same two year period.

Efficient plant

New efficient plant, the latest technology and diversification are the fruit of this investment. But for many years Fiat has been denied the full benefit of this collective effort due mainly to under capacity utilisation stemming from the complex social, trade union and political pattern within Italy, the repercussions of the energy crisis and other external economic factors.

Over the first quarter of this year strikes prevented Fiat from taking the maximum advantage of the domestic and world-wide economic recovery. Further labour negotiations and threatened new fiscal burdens on the automobile user cloud the immediate future.

But for a group which always seems to have one arm tied behind its back, Fiat does not seem in bad shape.

Sandoz bi accepted b Northrup

By Stewart Fleming NEW YORK, August

MR. KENNETH Christe chairman and chief exec officer of Sando Northrup one of the leading seed panies confirmed to-day tha board had agreed in princip accept a $196m. cash offer Sandoz, a Swiss pharmace and chemical company.

But he refused to discuss the company had decide accept this offer or the ba which the board feels the pany will obtain from a me

Northrup King is one of half dozen largest seed com ducing companies in the and there have been report several companies approached it with a vie acquisition.

The company's share pric been depressed by poor p and it has said that it has difficulties" in the past coup years in the processing and tribution end of our bus and has been unable "to ha products delivered to the of use well ahead of time

In 1975 net profit fell by half from $14.2m. to $7.1m

Approximately 50 per ce the company's shares are cl held.

The bid from Sandoz is $19.40 a share and the share currently quoted at around

● David Egli writes: the to purchase all outstan common shares of North King, is a part of a diversific programme initiated by S about a year ago with the chase, for an undisclosed amo of the seed business of Ro Brothers in Idaho.

This has now been restruc under the name Rogers Brot Seed, but the annual turnov about $5.25m. is obviously small compared with North King.

Sandoz, which is the t largest Swiss chemical and p maceutical group, based in Ba is attracted by the potentia the seed business in the U.S a variety of reasons.

Austral S. Exchang moves

By James Forth SYDNEY, Sept. 2

ATTEMPTS by the major st exchanges — Sydney and M bourne—to bury interstate riv ries and work towards t creation of a national securit market were badly dented to-d The Australian Associated St Exchanges, led by the domin exchanges Sydney and M bourne, have been worki about two years to cr virtual national exchang allowing sharebroking direct access to the trading of interstate exchanges. present there is an exchange each capital city and bro must deal on other floors throu a member of that exchange.

The apparent spirit of operation was broken when Melbourne stock exchan announced that it was press ahead with plans of its own offer direct access to its trad floor to members of oth exchanges. Members of Melbourne exchange will m on October 18 to consider proposal.

The Melbourne chairman, J. C. Johnston, said that approved it would represen positive first step toward integration of Australian st markets. It would also assist continuing negotiations o close co-operation betw Sydney and Melbou exchanges.

Brokers in other states be offered three alternativ they can become members of Melbourne exchange, their f could be admitted as "associa member firms," with limi rights, or interstate firms co be given a separate trading fl number and operate throug Melbourne firm.

Mr. Johnston said that all c cerned, not least the investi public, would benefit.

The chairman of the Sydn Stock Exchange, Mr. Jo Valder, did not see the devel ment in the same light Melbourne. He said that he w "surprised and disappointed" the move and had asked M bourne to reconsider it. would appear to negate the ve thing the two exchanges ha been working toward for t years." he added.

Melbourne and Sydney a well advanced in their plans create a national trading flo They had proposed a joint co mittee to standardise many ru and introduce uniformity. M bourne's move means that a brokers availing themselves of will be bound by Melbourne rules on that floor and their e change rules in their own sta If Melbourne persists Sydney likely to follow suit, which cou hamper the attempts to achie uniformity.

Members of the Melbourne e change approved plans for a join committee in July but Sydn struck opposition from many its brokers and failed in tw attempts to gain the 75 per cen vote needed.

However, Sydney broke yesterday considered the matte for a third time and voted ove whelmingly for the joint pr posals. Hours later Melbourn announced its unilateral move.

Chrysler disinvestment denied by S. African managements

BY RICHARD ROLFE JOHANNESBURG, Sept. 23.

U.S. PRESS reports that Chrysler is to walk away from its investment in South Africa have been denied by local management and the position seems to be that a rationalisation move involving Chrysler, in the face of weak motor sales in the republic, has been presented in the U.S. as a severing of links.

Chrysler's South African investment has been under pressure for some time, with market share falling from 8.2 per cent. in 1973 to 5.6 per cent. in 1975 and the latest figures show that although its sales picked up in July and August, total car output was under 1,000 units and below the figure of a year ago. On the commercial vehicle side the U.S. group's experience has been rather better with August sales running at 1,147 units.

For about a year now Chrysler has been engaged in talks with the distributing group Illings, a subsidiary of Anglo-American, with a view to rationalisation of interests. The latest slowdown in sales has lent urgency to the talks which revolve around Illings, which has no production facilities, either acquiring Chrysler's South African plant or, more likely, paying Chrysler for its output on a cost-plus basis and taking over the marketing side. This would result in Illings marrying the Chrysler range with its own Mazda, Mack and Komatsu franchises.

If the evidence of Chrysler's South African officials is to be believed, news of these transactions was leaked to the U.S. Investor Responsibility Research Centre as a withdrawal partly in response to the Republic's race riots and also as part of Chrysler's world-wide retrenchment programme which may also involve closure of its plant in Argentina.

A spokesman said to-day that rationalisation in the South African car industry not only made sense but was necessary. He added that the talks with Illings are "certainly not a move towards disinvesting or selling out." However the opportunity does not seem to have been lost to put just this gloss on the deal in the U.S.

Zaire debt talks next month

NEGOTIATIONS between the Zaire Government and its international banking creditors on rescheduling its foreign debts on which payments are overdue are to be resumed in the latter half of October.

The second meetting between the two sides was held in London this week with Mr. G. J. MacGillivray, Adviser at the Bank of England, again acting—in his personal capacity—as Moderator. It was announced afterwards that there is to be a third meeting next month.

It is understood that the second meeting concentrated on further analysis and discussion of the original submisission provided at the first meeting by the Zairean delegation which was again led by Mr. Sambwa Pida Nbagui, the Governor of the Bank of Zaire. Additional data was also made available to the banks at this meeting.

The meeting was conducted in at atmosphere of goodwill and understanding, banking sources said. It is believed that negotiations proper will only get under way at the meeting in the second half of October, and a fourth and final meeting may also be necessary.

Euro Coal and Steel issue

The European Coal and Steel Community is to make a DM200m. bond issue in two tranches. Deutsche Bank is joint manager with Dresdner Bank. Co-manager are Commerzbank and Westdeutsche Landesbank Girozentrale. It is a German syndicate with some foreign banks involved too.

German dividend hopes

BY TERRY BYLAND

THE TRADING recovery of the major West German chemical companies has been a reflection of the more general recovery in the European business world since the grim days which followed the hike in Middle East oil prices. At least one leading London stockbroker specialising in Continental stocks is heralding an "at least partial restoratoin of dividends" this year at BASF, Bayer and Hoechst.

The recent batch of interim results from the German chemical majors has confirmed that the upturn shown in the first quarter has been carried through. But Vickers da Costa warns that profit comparisons can give a misleading picture, if only because such severe declines were suffered in 1975.

Comparisons, suggests Vickers, should be made with the first half of 1974, the peak of the last demand and price cycle for the industry.

Measured on this scale, BASF stands out as the most profitable, with pre-tax profits for the second quarter of this year showing a small percentage rise (2.4) over the comparable 1974 period, at a time when both Hoechst and Bayer continue to disclose substantial setbacks.

A second set of criteria applied by Vickers is that of sales per employee. On this basis, again measured against the 1974 half year, BASF put up a less convincing performance. It shows a small percentage fall (1.1 per cent.) compared with gains of 2.8 by Bayer and 2.1 by Hoechst.

Vickers warns that the higher rates of growth in sales outside Germany shown by most of the major producers may not have been accompanied by attractive profit margins, in view of the steady appreciation of the D-Mark. And previously buoyant sectors like agro-chemicals, have been hit by the widespread drought in Europe.

However, the London broker remains confident in its selection of BASF as the most attractive investment in the sector. The chemical sector as a whole has outperformed the German market this year but it seems unlikely that the full potential for recovery has been realised in share prices.

Hutchison to sell Harbour

The Hutchison Group is negotiating the sale of its 29 per cent. stake in Harbour Engineering with Harbour's managing director Charm Hoi Sang, Hutchison International chief executive Bill Wyllie told Reuters in Hong Kong yesterday.

Wyllie said Hutchison would sell the stake at $HK1.15 per share. This compares with Wednesday's Hong Kong Stock Exchange buyer price of 80 cents for Harbour.

Charm is already a major shareholder in Harbour and would take control of the company if he acquired the Hutchison stake, Wyllie said.

Earlier negotiations broke down when Charm could not raise sufficient funds, he said.

Thomson listing

The shares of Thomson-Brandt S.A. of France were officially listed on the Frankfurt Stock Exchange yesterday by a consortium of German banks led by Commerzbank AG, reports AP-DJ from Frankfurt. The deputy general director of Thomson-Brandt, said consolidated group sales for the year should be 17 to 20 per cent. higher than the Frs.12.556bn. posted for 1975.

World Value of the Dollar

...table below gives the latest available ... exchange for the U.S. dollar against ... currencies as on Wednesday, September ... These exchange rates have been compiled ... k of America NT & SA's world-wide ... of branches from various sources. ...e rates listed are middle rates between ... and selling rates as quoted between ... Where a multiple exchange rate system ... peration (m), the rate quoted is the ... cial rate unless otherwise indicated. ... rencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

...f America
...lar Libor as of September 23 at 11.00 a.m.
3 months: 5¼   6 months: 5 11/16

SDR1=US$1.15617

Country	Currency	Value of DLR
...sus...	Djibouti Franc	163.2415
...a ...	Afghani (o)	45.30
......	Lek (m)	5.89
......	Dinar (a)	4.1302
......	Fr. Franc	4.8808
......	Sp. Peseta	67.76
......	Ang. Escudo	31.13
......	E. Caribbean $	2.70
......	Ar. Peso (o)(†)	140.17
......	Australian $	0.8041
......	Schilling	17.535
......	Port. Escudo	31.13
......	Ba. $	1.00
......	Taka	15.6898
......	Dinar	0.3958
...s. ...	Sp. Peseta	67.76
......	Barbados $	2.0025
......	B. Franc (m)	37.95
......	B $	2.00
......	C.F.A. Franc	244.04
......	Bda. $	1.00
......	Indian Rupee	8.8525
......	Bolivian Peso	20.30
......	Pula	0.8685
......	Cruzeiro	11.335
...Is...	Australian $	0.8041
...Is. ...	U.S. $	1.00
......	Brunei $	2.4585
......	Lev	0.96
......	Kyat	6.9377
......	Burundi Franc	90.00
...Rp.	C.F.A. Franc	244.04
......	Canadian $	0.9731
......	Sp. Peseta	67.76
...le Is.	Cape V. Escudo	31.13
...s. ...	Cay. Is. $	0.8350
...ip. ...	C.F.A. Franc	244.04
......	C.F.A. Franc	244.04
......	Ch. Peso (m)	14.47
......	Renminbi Yuan	1.9115
......	Col. Peso (m)	35.31
...I'ds...	C.F.A. Franc	244.04
...lle) ..	C.F.A. Franc	244.04
...a ...	Colon	8.57
......	Cuban Peso	0.8289
......	Cyprus £	0.4141
...vakia	Korona (m)	5.80
......	Danish Krone	5.9460
......	E. Caribbean $	2.70
...ep. ...	Domin'cn Peso	1.0
......	Sucre (o)	25.0
......	Egyptian £ (o)	0.3995
......	Ethiopian $	2.0685
...nea ...	Peseta	67.76
...Is. ...	Falkland Is. £*	1.7153
......	Danish Krone	5.9460
......	Fiji $	1.1700
......	Markka*	3.8670
......	French Franc	4.8808
...iu Af.	C.F.A. Franc	244.04
...sia ...	Local Franc	4.8808
...Is. ...	C.F.P. Franc	89.42
......	C.F.A. Franc	244.04
......	Dalasi	2.3530
...(E)...	Ostmark (m)	2.4688
...(W)...	Deutschemark	2.4688
......	Cedi	1.1500
......	Gibraltar £*	1.7153
...lce Is.	Aust. $	0.8041
......	Drachma	36.913
...d. ...	Danish Krone	5.9460

Country	Currency	Value of DLR
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.8808
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	21.35
Guinea Bissau	Peso	31.13
Guyana	Guyanese $	2.5515
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.8770
Hungary	Forint (m)	20.85
Iceland	I. Krona	186.10
India	Ind. Rupee	8.8325
Indonesia	Rupiah	415.0
Iran	Rial	70.05
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.7153
Israel	Israeli £	8.25
Italy	Lira	845.30
Ivory Coast	C.F.A. Franc	244.04
Jamaica	Jamaica $	0.9091
Japan	Yen	287.15
Jordan	Jdn. Dinar	0.330
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3734
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.0
Kuwait	Kuwait Dinar	0.2916
Laos	Kip (o)	60.0
Lebanon	Lebanese £	3.27
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenst'n	Swiss Franc	2.4694
Luxembourg	Lux. Franc (m)	37.95
Macao	Pataca	5.1800
Madeira	Port. Escudo	31.13
Malagasy Rp.	MG Franc	244.04
Malawi	Kwacha	0.9282
Malaysia	Mal. Ringgit	2.5179
Maldive Is.	Mal. Rupee	8.8870
Mali Rp.	Mali Franc	488.08
Malta	Maltese £	0.4348
Martinique	Local Franc	4.8808
Mauritania	Ouguiya	45.81
Mauritius	M. Rupee	6.6705
Mexico	Mexican Peso	19.80
Miquelon	C.F.A. Franc	244.04
Monaco	French Franc	4.8808
Mongolia	Tugrik (m)	3.3566
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.4616
Mozambique	Moz. Escudo	31.13
Nauru Is.	Aust. $	0.8041
Nepal	Nepalese Rupee	12.535
Netherlands	Guilder	2.5830
Neth. Ant'les	Antillian Guild.	1.80
New Hebrides	Aust. $	0.8041
	Fr. Franc	4.8808
N. Zealand	NZ $	1.0114
Nicaragua	Cordoba	7.02625
Niger Rp.	C.F.A. Franc	244.04
Nigeria	Naira	0.6285
Norway	Nrwg. Krone	5.3885
Oman, Sultanate of	Rial Omani	0.3454
Pakistan	Pkst. Rupee	9.9343
Panama	Balboa	1.00
Papua N.G.	Kina	0.7885

Country	Currency	Value of DLR
Paraguay	Guarani (m)	126.0
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454
Peru	Sol	65.17
Philippines	Ph. Peso	7.4290
Pitcairn Is.	NZ $	1.0144
Poland	Zloty (m) (o)	3.32
Portugal	Port. Escudo	31.13
Port Timor	Timor Escudo	31.13
Principe Isle	Port. Escudo	31.13
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9500
Reunion Ile de la	French Franc	4.8808
Rhodesia	Rhd. £	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.34
St. Christopher	E. Caribbean $	2.70
St. Helena	£ Sterling*	1.7153
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	244.04
St. Vincent	E. Caribbean $	2.70
Salvador, El	Colon	2.50
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	845.30
Sao Tome	Port. Escudo	31.13
Saudi Arabia	Ryal	3.5350
Senegal	C.F.A. Franc	244.04
Seychelles	S. Rupee	7.7714
Sierra Leone	Leone	1.1560
Singapore	Singapore $	2.4600
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	67.76
Span. Ports in N. Africa	Sp. Peseta	67.76
Sri Lanka	S.L. Rupee	8.8070
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.3106
Switzerland	Swiss Franc	2.4694
Syria	Syria £	3.8750
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.3724
Thailand	Baht	19.5750
Togo Rp.	C.F.A. Franc	244.04
Tonga Is.	Pa'anga	0.8076
Trinidad	Trin. & Tob'go $	2.40
Tunisia	Tunisian Dinar	0.4326
Turkey	Turkish Lira	16.0
Turks & C's	U.S. $	1.0
Uganda	Ug. Shilling	8.3724
Utd. Kingdom	£ Sterling*	1.7153
Un'd A'b Emir	UAE Dirham	3.9600
USSR	Rouble	0.7325
Upper Volta	C.F.A. Franc	244.04
Uruguay	Urug. Peso (m)	3.63
Vatican	Italian Lira	845.30
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.95
Vietnam (S)	Piastre (o)	1.85
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8700
Yemen	Ryal	4.54
Yugoslavia	New Y. Dinar	18.21
Zaire Rp.	Zaire	0.8649
Zambia	Kwacha	0.7973

...Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. ...ollars per sterling unit. † Argentine peso: effective March 5, 1976, Exchange rate system merged, now only two rates, ...cial rate and tourist rate.

...further information please contact your local branch of the Bank of America.

Pearson Longman up £3.41m. at midway

FIRST HALF 1976 pre-tax profits of Pearson Longman were almost doubled at £6,989,000 compared with £3,583,000 on turnover up from £49.74m. to £58.63m.

Earnings are shown to have risen from 3.89p to 7.64p per 25p share. In order to reduce disparity the interim dividend is stepped up from 1.4p to 1.75p net. The total for 1975 was 4.873p paid from earnings of 11.15p.

	Half-year 1976 £000	1975 £000
Turnover	58,453	49,738
Longman Holdings	12,332	10,216
Penguin Publishing	8,343	7,061
Ladybird Books	1,803	1,549
Longman Penguin total	22,378	18,548
Financial Times	11,211	9,389
Westminster Press	25,084	21,303
Profit	7,089	4,118
Longman Holdings	2,497	1,759
Penguin Publishing	507	207
Ladybird Books	381	334
Longman Penguin total	3,655	2,330
Financial Times	1,401	845
Westminster Press	1,998	913
Pearson Longman deficit	4	*22
Net interest payable	559	809
Share associates	488	279
Pre-tax profit	6,989	3,583
U.K. tax	2,786	1,494
Overseas tax	564	273
Associates tax	343	198
Total tax	3,692	1,965
Net profit	3,298	1,618
Minority interests	137	5
Attributable	3,159	1,613
Preference dividend	11	11
Ordinary interim	721	577
Retained	2,427	1,025

* Profit.

No account has been taken in the interim figures of differences which would arise on reconverting net assets in overseas currencies at the exchange rates ruling on Jun 30. In total, these differences give rise to a surplus of £758,000.

SAI turns in £1.6m. halfway

From sales of £27.1m., profit of Scottish Agricultural Industries, a subsidiary of Imperial Chemical Industries, was £1.6m. for the first half of 1976, subject to tax of £0.8m. but before depreciation of £0.4m.

For the nine months ended June 30, 1975, sales were £43.8m., profit £2.8m., tax £1.5m. and depreciation £0.6m. Year-end (to September 30) sales amounted to £46.64m. and profits £4.39m.

The directors state that the first half profit reflects the difficulty of recovering cost increases in current market trading—this situation is continuing.

The interim dividend is 4.5p net (5.5p). Last year's total was 10.3203p.

● comment

Adjusting for the nine months, Scottish Agricultural Industries' pre-tax profits were 14 per cent. lower on a 7 per cent. fall in sales. But even this comparison is unflattering in view of the extra benefit received in the previous period because of seasonal grain sales. Nevertheless, current trading is depressed partly due to strong competition in the Scottish fertiliser market. This situation is expected to continue for a while yet even though the effects of the drought in Scotland were much less marked than elsewhere. The interim dividend is effectively unchanged, suggesting a yield of 8¼ per cent. on the shares at 203p.

HTV profit more than doubled

ON TURNOVER up from £10.87m. to £14.72m., HTV has more than doubled its pre-tax profit for the year ended July 31, 1976, from £824,009 to £1,910,917. The profit is struck after the Exchequer levy of £1.96m. (£1.02m.).

Tax takes £1.05m. (£0.46m.), and earnings per 25p share are stated at 8.67p (3.75p).

As envisaged, the Board does not intend to recommend payment of a final dividend for the year. However, a special interim dividend of 3.5p for the year ending July 31, 1977 has been declared. This arises out of the capital restructuring on the acquisition of Frost and Reed (Holdings).

Technical equipment owned by the company has been revalued on an existing use basis at August 1, 1975, say the directors. A surplus of £1,212,286 over book value has arisen on the revaluation. This surplus, less provision for deferred corporation tax of £630,389, has been credited to non-distributable reserve.

The charge made for depreciation has been increased by £121,306 as a result of the revaluation.

Results for year take account of profit of Frost and Reed (Holdings) after acquisition on March 31, 1976.

● comment

As expected HTV's profits have continued to bound ahead, with doubled interim profits followed by a 150 per cent. rise in the second-half. The trading picture behind the figures is one where costs have been held in tight check and advertising revenue has been on a strong rising trend. Despite these good results the long term problems for the industry remain the same. Advertising is basicaly cyclical and HTV's only diversification away from pure contracting is the Frost and Reed acquisition this year. So it will need to expand further if profits are not going to suffer in the next downturn. Meantime, HTV's shares have been one of the best performers over the past 20 months and even so the yield of 17.7 per cent. at 47p looks very attractive covered 1¼ times.

Dolan Packaging up to peak £2.35m.

ON SALES UP from £13.78m. to £15.28m., pre-tax profits of Dolan Packaging advanced from £2.12m. to a record £2.35m. in the 53 weeks to July 3, 1976, after a rise from £1.04m. to £1.11m. in the first half.

Full year earnings are shown to be up from 11.66p to 12.79p per 10p share and the dividend is lifted from 1.93273p to the maximum permitted 2.08105p net with a final of 0.98105p.

	1975-76 £000	1974-75 £000
Group turnover	15,277	13,783
Trading profit	3,010	2,566
Depreciation	687	391
Loan stock int.	31	59
Pre-tax profit	2,352	2,116
Tax	1,248	1,108
Net profit	1,104	1,007
Extraordinary credits	30	*70
Attributable	1,134	937
Interim dividend	85	84
Proposed final	85	79
Waiver of final	3	—
Retained	947	854
Deferred tax included	305	323
Cash flow	1,859	1,756

* Debits.

The directors say gradually accelerating demand in the second half resulted in the record sales and profit.

This trend is continuing and the outlook for the current year is encouraging.

It is anticipated that sales and profit will continue to gain momentum as the economy moves out of recession and a very healthy liquidity position ensures that adequate cash is available to meet future requirements.

In July, 1976, a group property valuation on the existing use basis, has disclosed a surplus of £1,274,000 over net book values.

● comment

Dolan's profits have shown a steady rise over the year with a 10 per cent. increase in the first half followed by 12 per cent. in the closing half. So again Dolan has produced record profits, maintaining its uninterrupted growth record over the past decade. Continual investment in new higher production machines enabling it to hold down overheads is one factor behind the group's success, and now that the whole packaging industry is moving ahead, Dolan's advance should be that bit more impressive. The shares rose 3p on the figures to 57p, where the rating still looks fair value with the p/e at 4.4 and the yield is 5.7 per cent. Meanwhile, cash balances are up £0.6m. to £1m., and though part of this will fund further capital expenditure the group has an eye to possible acquisitions.

after expenses and interest of £138,758 compared with £134,436. Tax takes £258,758 against £265,163.

The interim dividend is raised from 1.891p to 2.028p net per 50p share. Last year's total was 3.536p paid from pre-tax revenue of £1.37m.

The net asset value per £1 capital share is given at 171.75p (221.375p).

Home Counties Newspapers up at halftime

An increase in pre-tax profit £56,000 to £83,000 is reported by Home Counties Newspapers for the half year to June 30, 1976 on turnover up from £2.26m. to £2.43m. An unchanged interim dividend of 0.75p net per 25p share is announced.

The tax charge increased from £31,000 to £45,000. Earnings per share are stated at 1.52p (1p).

Costs, notably newsprint and wages, have continued to rise, say the directors, while advertising is still particularly difficult in the light of the national employment position.

Advertisement rates of all papers were increased at the beginning of this month but it is evident that further increases in advertisement volumes will be required if first half profits are to be maintained.

At this time it is impossible for the directors to make any predictions for the rest of the year. The level of the final dividend must be dependent on the results of the year as a whole.

The group made pre-tax profits of £180,096 in 1975, and paid dividends totalling 3p per share.

Foreign & Colonial

Total revenue of Foreign and Colonial Investment Trust for the first half of 1976 fell from £2.86m. to £2.71m. and, after expenses and interest of £1.09m. (£0.75m.) profit dropped from £2.11m. to £1.62m., subject to tax of £0.62m. (£0.89m.).

The net asset value is given as 179p (161p) per 25p share.

As known, the interim dividend is 0.85p (0.8p) net. Last year's total was 2.58p paid from net revenue after tax of £2.02m.

Anglo-Swiss six months deficit

A turnround from a profit of £53,000 to a pre-tax loss of £103,000 is reported by engineers, etc. Anglo-Swiss Holdings for the first half of 1976. For the last full year a loss of £78,247 was incurred.

Turnover for the six months was £1.58m. compared with £1.45m. There is a tax credit of £50,000 (charge £27,500).

The directors say that in the first half the group bottomed out. The recovery is, however, gradual so that a return to profitable working is unlikely to be reached in time to have any material effect on 1976. In the light of this situation the directors feel that the question of a dividend must await this year's results. No dividend was paid last year. The total for 1974 was 3.16575p.

Midterm rise at Triplevest

Gross income of Triplevest advanced from £0.86m. to £0.91m. in the six months to August 31, 1976 and pre-tax revenue increased from £719,908 to £772,478

SEET on target

Mr. J. H. Mackenzie, chairman of Scottish, English and European Textiles reported at the annual meeting that group management accounts for the first four months were in line with budget, with profits ahead of those made in the same period last year. Despite the increase in minimum lending rate, "I would expect that the full year should show a satisfactory result."

COMPANY NEWS

Accounts qualified at Town and City

THE DIRECTORS of Town and City Properties consider that the improvement in the property market over the past year is still not broadly based enough to enable them to express a confident view on the relationship between book value and market value of the group's investment property assets.

The market for development property is even narrower and in present circumstances it is impracticable to assess the propects and value of property held for development or under development, they tell members.

However, they do not consider it probable that these development properties could be realised at present at their book value of £156m., some half of which relates to properties held for or acquired with a view to development on which development has not commenced or has been suspended.

In their report the auditors say that in the circumstances they are unable to form an opinion as to the value of the group's properties at the balance-sheet date and accordingly it is not possible to assess the effect on net assets, capital reserve and profit and loss account had a professional valuation been carried out and reflected in the accounts.

As reported on August 24 there was a reduced loss of £4.78m. (£12.1m.) for the 51 weeks to March 24. Once again the dividend is a nominal 0.01p net.

The chairman, Mr. J. M. Sterling, says in his annual statement that during 1975-76 the group concentrated on increasing income from reversions, new rental income from completed developments and the disposal programme. These factors remain the critical influences on the group's medium term future, and the policy of degearing has been and will be paramount.

Gross income from properties fell marginally to £34.5m., the loss of rents from properties sold and the shorter financial period counteracting the increase from reversions and new lettings.

Sales of properties from April, 1975 up to February 27, 1976 totalled £47.5m. compared with a book figure of £48.4m. At August 23 a further £47.1m. of properties with a book value of £43.2m. had been sold or were under contract for sale. The latter figures include the sale for £25.6m. of the Europoint buildings in Rotterdam (book value £21.9m.).

As the revenue deficit falls as a result of the letting of developments and of reversions on existing property and as capital expenditure and outgoings on developments also reduce, so can disposals be applied more and more towards reducing short term debt, states the chairman. A statement of source and application of funds shows a reduction in borrowings of £45m. (£8m.) before adjustment of £18m. (£3m.) due to exchange differences. Total borrowings are now on a declining trend despite the adverse effects of exchange movements, he adds.

The rate of spending on developments has now fallen very sharply. At the year end capital commitments net of financing arrangements were down to £7m. from £38m. at the end of the previous year.

The principal tasks are to complete the letting of projects that have been completed and to maximise income, either by renovation, sale or development from those properties where development has not begun.

In general shop lettings have held up reasonably well, while office lettings have been slow.

The overseas policy is to withdraw steadily from holding property in Europe. The group now owns only three significant properties in Europe, all completed and so far 53 per cent. let, representing 3 per cent. of property assets.

The Australian property companies continue to progress, with the shopping centres generating an increasing income which compensates for slow office lettings and the planned delay on the George Street office development.

The group's interests in Boston Wharf and the Boston Keystone building are the only remaining investments in the U.S.

A geographical analysis of rents receivable and pre-tax losses of all activities except property development shows U.K. £26.34m. and £5.19m. loss, Europe £1.03m. and £0.7m. loss, Australia £3.85m. and £0.75m. profit, and U.S. £1.88m. and £0.36m. profit.

Property development was split as to U.K. £1.22m. and £12.79m. loss, Europe £0.16m. and £3.66m. loss and Australia £26,000 and £1.24m. loss.

Meeting, Winchester House, E.C., on October 19 at 10.30 a.m.

See Lex

Burmah's Govt. support put on new basis

BY MICHAEL LAFFERTY

A REVISED arrangement putting State support for the troubled Burmah Oil onto a new basis which is intended to be final was disclosed last night by the Government. It incorporates new arrangements worked out following Burmah's recent $520m. (£290m.) sale of its U.S. oil and gas interests to R. J. Reynolds, a diversified U.S. induustrial group.

Burmah was first given State financial support in January, 1975 through the Bank of England in order to fend off a liquidity crisis resulting from severe problems on its tanker side which occassioned difficulties under the company's loan covenant arrangements. The Bank's backing included a guarantee for $650m. of the company's dollar borrowings and a standby facility of £75m.

Shortly afterwards in a controversial move the Bank purchased the bulk of Burmah's holding in BP for £179m.—some £300m. below its present value—Burmah has since asked the Bank to reconsider the deal. Under a revised agreement the borrowing guarantees were extended in December, 1975, for a further nine months on the understanding that Burmah's U.S. oil and gas business would be disposed as soon as possible.

The Reynolds deal left only $74m. outstanding on the dollar borrowings and this now being repaid. In its place the Government and the Bank have agreed to provide Burmah with a new guarantee of dollar borrowings totalling $100m. for up to five years. In addition the amount of the standby facility is being increased to £85m. up to June 30, 1977, thereafter continuing at £60m. up to June, 1982, when it also will terminate.

The Burmah directors say they are "appreciative" of the new agreement and expect the company "to be able to complete its recovery programme successfully within the framework of these arrangements."

The Government states that it has made it clear to Burmah that it expects the company to be able to complete its recovery programme on the basis of the arrangements "without further assistance from the Bank."

The matter of the BP stock formed no part of the above discussions and remains unresolved at the present stage. The company has promised to report progress on this and other matters "in great detail than is usual at an interim stage" in the interim statement which is due to be circulated towards the middle of October.

Babcock bid facing TU opposition

Local officials of four trade unions representing workers at the Loughborough firm of Herbert Morris have lent their support to the Morris Board in its attempt to fight off a £4m. take-over bid by Babcock and

A joint statement from the four unions said that "The whole of thet Morris workforce intends to resist the Babcock and Wilcox bid. We have not put in all the hard work of trying to make something of Herbert Morris, nor have we put in all the effort over the last nine months to fight off the take-over bid by Amalgamated Industrials only to allow ourselves at the end of the day to be taken over by the Babcock and Wilcox empire."

The latter part of the statement refers to the bid made by Amalgamated Industrials which failed following a report from the Monopolies Commission last May. Babcock has mounted its offer after buying Amalgamated's 37.7 per cent. stake in Morris.

Morris has already made it clear that it will attempt to fight off the bid and that it will call on the Office of Fair Trading to intervene for the second time.

Travis & Arnold headway

TAXABLE PROFIT of Travis and Arnold, Northampton-based builders' merchants and timber importers, increased by 10 per cent. from £1.65m. in the six months to August 31 last year, to £1.81m. in the changed first half to June 30, 1976.

With sales up from £17.11m. to £20.13m. and the increase being maintained, the chairman Mr. E. R. Travis says the group hopes to continue to perform at these levels until there is a more fundamental improvement in the construction industry.

Although volume sales for the first half have only shown a small increase the company more than held its share of a building and plumbing market which remained at a low level of activity.

The interim dividend is raised from 0.5630p to 0.6194p net at a cost of £40,000. A total of 2.38676p was paid from profits of £2.73m. for the ten months to December 31, 1975.

Taxation in the six months rose from £857,000 to £942,000, leaving net profit up from £791,000 to £870,000.

The company is a supplier of timber, building materials, plumbing and central heating equipment to the construction and allied trades.

● comment

The moderate 10 per cent. improvement in pre-tax profits by Travis and Arnold reflects its position somewhere between the timber and builder's merchants sectors. The timber side has benefited in common with other companies in this sector but profits have ben restrainled by the building merchants side. Other factors depressing profits are the change in accounting period, which has the effect of taking out two bad months (January and February) at the expense of two good months (July and August), and the low stock levels which mean that the stock profits over the period have been minimised. Furthermore Travis is not heavily involved in D.I.Y. which has been the strongest area for builder's merchants. The prospective yield on the shares at 84p is 6.3 per cent.

TOOTAL

Tootal has sold Millwards Merchandise, its chemicals distribution subsidiary, to Durham Chemicals Distributors for over £500,000 cash.

It is Durham's intention that Millwards should continue to operate in the same way as hitherto. Durham is a member of the Durham Chemical Group, a subsidiary of Harrisons and Crosfield.

HOME NEWS

SINGAPORE APPLICATION HINGES ON 1967 FUGITIVES OFFENDERS ACT

Extradition—a long and complex process

BY STEWART DALBY

THE SINGAPORE Government could find itself involved in protracted and extremely complex processes in its attempts to extradite Mr. Jim Slater and four other former Slater Walker executives.

The details of the charges against Mr. Slater have yet to be spelled out, but reports from Singapore say that the five men face a total of 75 criminal charges stemming from a Government investigation into the Singapore-based Haw Par Brothers International, which was controlled by Slater Walker between 1971 and 1974.

Mr. Slater faces nine charges, which could result in two to seven years jail. They include conspiracy to defraud, criminal breach of trust, and other offences under the Singapore Companies Act.

Because various States around the world have always upheld their right to grant asylum to foreign individuals as evidence for their territorial integrity, there is no universal rule under international law which imposes an obligation to extradite.

Under the Extradition Act of 1870, which was amended in 1873, 1895, 1906 and 1932, Britain has treaties with over 40 foreign countries.

Similar

Singapore, however, would come under the 1967 Fugitives Offenders Act. Widely known as the Commonwealth Fugitives Act, this covers all Commonwealth countries. It was originally designed so that so-called fugitives who fled to Britain no other unforseen complication could not be extradited for political offences dressed up as crimes.

Simply stated, the main provision of the law is that the offender must be chargeable under a law in Britain which is parallel or similar to the one under which he or she is indicted in the country which wishes to claim him or her.

The most publicised case of this law being used recently was that of Mr. Peter Godber, the former Hong Kong police superintendent, who fled to Britain in 1973. The British colony wanted to extradite Mr. Godber, who had moved to Rye in Sussex, on criminal, not civil or political charges.

Mr. Godber, it was alleged, had amassed £330,000 worth of assets, which was more than six times the sum total of his salary since he started work for the Hong Kong police in 1952.

However, the Hong Kong authorities wanted to extradite Mr. Godber on the grounds of its Prevention of Corruption Ordinance. Its two main provisions are that an accused should account for his assets or that he should justify living beyond his means. There is no exactly similar law in Britain, and it was not until a witness, who claimed he had received a bribe, was found, that the charges were changed and Mr. Godber was finally sent back to Hong Kong in late 1974. He was subsequently sentenced to four years' imprisonment.

Statutory

The question of Mr. Slater's extradition, therefore, barring unforeseen complications, will hinge on the precise nature of the charges laid against him in Singapore and whether they correspond to laws here.

The Home Office said yesterday that until it had a chance to examine the charges in full it did not know whether Mr. Slater could be extradited.

The process is tortuous. To start the ball rolling, Singapore has to make an application to the Foreign and Commonwealth Office in London, which must be backed by affidavits or statutory declarations. This apparently was done in June.

The case then goes to the Home Secretary who considers all the documents in the case. The Home Office said yesterday that the Home Secretary was now actively considering the documents.

In appropriate cases, the Home Office grants an order to proceed. If the Home Secretary feels there are complications, he can pass the case to the Director of Public Prosecutions, who can represent a foreign Government in court. If a warrant is issued, police make the arrest and the case against the accused is heard in court in Britain.

Appeal

The defence can oppose the extradition order but if the magistrate issues an order, the accused can then apply to a divisional court for a writ of habeas corpus which is the equivalent to an appeal. If the writ fails, the accused can finally appeal to the House of Lords.

Since 1967, only one man has been extradited from Britain to Singapore.

Banks and insurance hit at Labour move

BY MICHAEL BLANDEN AND MARGARET REID

THE Confederation of British Industry yesterday came out in firm opposition to the proposals for nationalising the big banks and insurance companies put forward by the Labour Party's National Executive Committee.

The opposition, in a statement by Mr. John Methven, CBI director-general, came as the banks and insurance companies renewed their campaign against the proposals in a concerted series of statements.

At the same time Sir Geoffrey Howe, Shadow Chancellor, called on the Prime Minister to state his position on the proposals, which he described as "lunacy."

The proposals to nationalise the big four banks and the top seven insurance companies could be adopted as official Labour Party policy at next week's conference.

For the banks, Lord Armstrong, deputy chairman of the Committee of London Clearing Bankers, said the proposals were based on a document which "has been shown to be inaccurate, incomplete and misleading."

'Sanity' call

In the interests of the country and the Labour Party, he said, "We must all hope that sanity will prevail and the document will be rejected." He suggested that a new Royal Commission on the financial system might be useful.

He was speaking as chairman of the clearing banks' special working party on the subject. Introducing two new pieces of evidence in the banks' case — a survey of the attitudes of businessmen, and a study of public ownership and banking abroad.

Mr. Methven said the CBI could not be at all surprised that the poll showed company financial directors are strongly opposed to nationalisation of the clearing banks.

Availability of external finance, Mr. Methven said, had seldom been the limiting factor for industrial investment and expansion. The real problem had been that "industry hasn't been sufficiently profitble."

He added: "If the major banks were to be replaced by a state monopoly, competition would be destroyed, decision making would be slower and there would be far less room for personal initiative."

Banks' poll

The banks-commissioned opinion poll of financial directors and managers complements the earlier investigation into attitudes of the public at large. The new poll, conducted by Opinion Research Centre, shows that 91 per cent. of financial directors and managers think nationalisation would be a bad thing for industry as users of the banks' services.

They expect that getting a loan from a nationalised bank would be more difficult, slower and more complicated.

Failure of the banks to provide finance was very rarely thought a reason for lack of investment in British industry. The important factors were uncertainty over economic prospects, high taxation, frequent changes in Government policy, and limitation of profits.

The documents prepared by the Inter-Bank Research Organisation examines systems abroad which have been held up as examples by the proponents of nationalisation. It disputes the claim that the London clearing banks dominate the whole range of banking services, and suggests that many of the differences between U.K. and Continental practice are more apparent than real.

Warnings about serious consequences to be expected from nationalising the largest insurance companies were sounded by the seven concerns proposed by the Labour Party's National Executive for take-over.

In a short statement of measured tone the seven claim that nationalisation of their businesses would inevitably affect the whole insurance market and Britain's leading position in world insurance.

The dangers to the industry's major overseas business, particularly in the important U.S. market, are stressed in the joint statement from the companies—Commercial Union, General Accident, Guardian Royal Exchange, Legal and General, Prudential, Royal Insurance, Sun Alliance and London.

The seven, with a worldwide premium income of £4.1bn. in 1975, account for about a half of all the general non-life insurance business conducted in the U.K. by British companies.

A key point underlined is that in the U.S.—the major overseas market for Britain, whose insurance business abroad is so important—legislation in 31 States, including New York and California, bans nationalised insurance companies.

The statement says: "The confidence of overseas customers in the industry has been gained very largely because successive Governments of all parties have allowed the companies freedom to compete and serve their customers. Both the confidence and the earnings that flow from it would be at serious risk in the event of nationalisation.

"Indeed, in the United States, legislation in most states prohibits the operation of insurance companies wholly or partly owned by foreign Governments. All this means that a substantial loss of overseas earnings would be inevitable."

Last year, the insurance industry contributed some £450m. to the balance of payments; about 60 per cent. of its non-life business is conducted abroad.

On another tack, the statement says: "About 80 per cent. of all families in Britain build up their long-term savings through life assurance or pension arrangements. It is the job of the insurance companies to protect these savings for their policyholders by making investments in their best long-term interests and not subject to short-term political expediency or pressures."

Confidence

Considerable concern was voiced in the industry that nationalisation of the seven largest concerns could affect confidence in the other companies, and also Lloyd's, not scheduled for public take-over. The question was also raised whether diversion of business from state-owned to private-sector concerns would find the latter short of capacity.

Mr. Geoffrey Haslam, deputy chairman of the British Insurance Association and chief general manager of Prudential Assurance, said: "I don't see this as an immediate threat to the seven companies because I don't believe any Government could wantonly jeopardise companies contributing so much to the balance of payments. I do see it as a threat to confidence at home and overseas.

"With the vast majority of Labour Party supporters against, according to the opinion polls, it is a pity that confidence should be eroded."

As to suggestions that nationalisation could steer more investment cash to industry, he added: "It could be the reverse: people might be less inclined to save with a nationalised company."

Mr. Jim Slater photographed after leaving the Old Jewry city offices of his solicitor Clifford Turner yesterday. Mr. Slater has been served with 15 summonses involving £6½m.

Five face 75 charges after Haw Par investigation

FINANCIAL TIMES REPORTER

FURTHER PARTICULARS became available yesterday of the breach of trust and other criminal charges in respect of which the Singapore Government is seeking the extradition of Mr. Jim Slater and four of his former colleagues.

Mr. Slater, until last October chairman of Slater Walker Securities, was also served in London during the day with 15 summonses concerning £6.5m. under British company law.

The Singapore Attorney-General's office said yesterday that its Government had applied in June for the extradition of Mr. Slater, former chairman of the Slater Walker Securities financial empire, and four of his former company executives.

The British Home Office, he added, had acknowledged the application but had not yet made a decision. In London yesterday, it was stated that Mr. Merlyn Rees, Home Secretary, was actively considering the matter.

The five men face a total of 75 criminal charges arising from a Singapore Government investigation into the activities of the Singapore-based Haw Par Brothers International, in which Slater Walker had a large stake between 1971 and 1974. Mr. Slater was, until October, 1975, chairman of SWS.

The other Slater Walker executives named are Mr. Richard Tarling, former chairman of Haw Par, Mr. Donald Ogilvy Watson, former managing director, Mr. Ian Tamblyn, former deputy managing director, and Mr. Ptrick Goodbody, a director.

In Singapore, Mr. Slater faces nine specific charges, Mr. Goodbody, six, and the other three, 20 charges each. Possible jail sentences range from two to seven years.

Running to more than 100 pages, the detailed charges include conspiracy to cheat, criminal breach of trust, and numerous offences under the Singapore Companies Act. The offences under the penal code are in connection with the activities of Spydar Securities, and the alleged violations of the Companies Act deal with Melbourne Unit Trust. Both companies were Hong Kong-incorporated subsidiaries of Haw Par.

Information

Spydar Securities was a private company in which Mr. Slater and the others named were five of the six shareholders.

A Singapore Government investigation into Haw Par during the 1971-74 period has claimed that the purpose of Spydar Securities appeared to be share trading for the benefit of certain senior directors of the Haw Par-Slater Walker group.

It also alleged the Melbourne Unit Trust served to circumvent the Singapore Companies Act. The Government report also involved allegations of "insider trading" by senior directors who manipulated the companies' affairs to their benefit with information not available to Ordinary shareholdings.

It has been alleged that the profit derived from Spydar Securities by its six shareholders was $1.9m. (£1.1m.).

Earlier this year, a settlement was reached by the new management of Slater Walker Securities, now headed by Sir James Goldsmith, and Haw Par under which SWS accepted a total $20.5m. of a $29m. loan it claimed was owing to it from Haw Par.

According to a statement at the time, the discount of $8.5m. included some $1.9m. (£1.12m.), representing the estimated gross profit earned by the six shareholders of Spydar Securities. These have agreed to reimburse £659,772 and $742,902 the equivalent of $1.9m., to SWS on June 30, 1981.

In London yesterday, Mr. Slater, 47, was served with 15 summonses under Section 54 of the Companies Act 1948 at the City offices of his solicitors, Clifford Turner, by Det. Supt. Robert Fowlie, of the City of London Police Companies Squad. The section prohibits the financing by companies of the purchase of their own shares.

The summonses had been issued at Mansion House magistrates' court the previous day on information laid by Mr. Edmund Dell, Trade Secretary. Mr. Fowlie said the summonses related to various dates between October, 1973, and August, 1974, and involved about £6.5m.

هكذا بدأ الأمل

The task of Ciaran McKeown, mentor of the Peace Movement in Ulster, is to turn desperate enthusiasm into a lasting movement, **Kevin Done** reports.

The man behind the Peace People

NAMES of the two appar- aders of Ulster's swelling Movement, Mrs. Betty ms and Miss Mairead ;an have rapidly become 1old words. But as the nent prepares for its first test — the transformation being a series of marches on a sudden spontaneous rst against the seven years lence, to that of a perma- long-lasting peace organi- —the identity of the third of the Peace People is now being made public.

s week marks the publica- of what amounts to the nent's first manifesto, n not by one of the who have emerged from iankill and Andersonstown natural leaders, but by iaran McKeown, an Irish t and formerly a leading er of the civil rights nent. Its appearance will urther confusion to the ing opposition on either f the religious divide, and begin to confound the cs, who would give the nent the same short life precedessors.

McKeown is emerging e mentor of the Peace nent. It was he who com- the Peace Declaration s now read out at every rally, and it is to him that Williams and Mairead gan now turn for advice e minefield of Ulster's al and paramilitary ings. They entered into a of trust seven weeks ago rk together for the Peace nent but decided that he l remain anonymous at the ning as the first marches to build up momentum. ne initial period when the nent has got by with little l organisation is almost and the roles of the rs must change.

as reached the stage where first flush of desperate siasm must be transformed months and years of hard if the movement is to have asting impact. The odds ed against any such break- gh are clearly "monu- al," as Betty Williams her- lescribes them.

e last big peace rally in the gly Republican town of y, in South Armagh, was minutes old, when the e of the town was punc- ed by the dull "crump" of explosion on the outskirts bomb aboard a hijacked ol tanker—placed no doubt the Provos — exploded and severely damaged a Customs clearance post.

The quiet of the rally was again shattered by the clatter of an Army helicopter overhead, and in Newry's main square about 70 Provo sympathisers held an untidy counter-demonstration against the "British thugs."

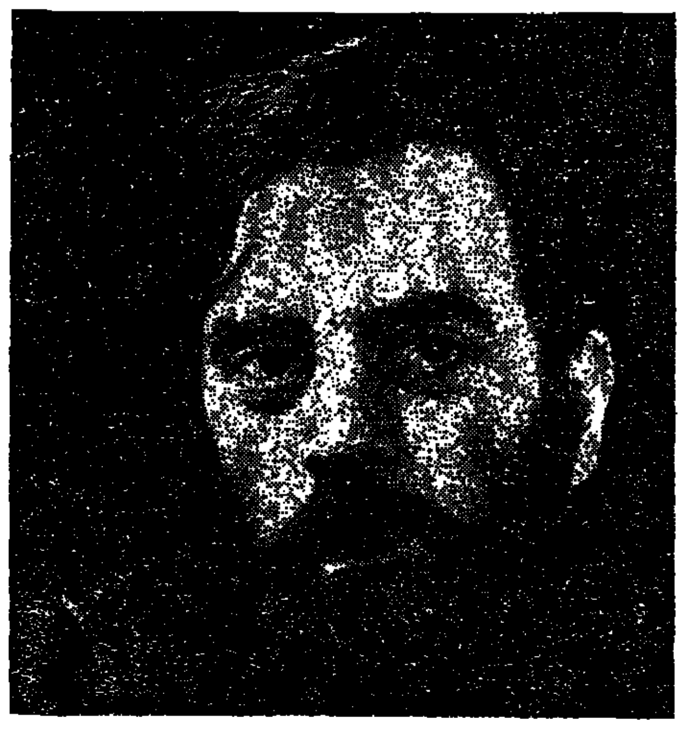
The leaders of the movement have struggled hard to keep clear of involvement with any of the established Ulster groupings—*ranging from the Church*, the security forces and the Northern Ireland Office to the local political parties and the para-military groups. Overt acceptance and encouragement by the NIO or the Army would probably prove even more inimical to the Peace People's chances of success than any amount of straightforward opposition or subversion from local politicians or paramilitaries.

As long as the Provos are lined up on one side calling for peace with justice, as they were at the Londonderry demonstra*tion, and the forces of the Rev.* Ian Paisley's Democratic Unionist Party on the other side declaiming the necessity of peace through victory, the Peace Movement may yet build itself a future.

When it first appeared, the Provos thought the movement was a conspiracy by the Official IRA, who in turn held to the belief that it was a British Government plot. The "Protestant Telegraph" on the other hand first attacked the peace women as instruments of the clergy out to win credibility for the Roman Catholic Church.

Mr. Paisley's DUP was so moved, or felt so threatened, that it took a full half-page advertisement in the Protestant "Newsletter" equating the Peace Movement with neutrality and appeasement and announcing that peace must be won through "peace with victory." The bellicose advertisement was rounded off with a few quotations from the New Testament along the lines of "He that is not for me is against me" and "I came not to send peace, but a sword."

The sensitivity to slogans on both sides can lead to ridiculous, but very dangerous, misunderstandings. When the *women of the Shankill Road* made their first appearance on the streets last week to try to halt the wave of disturbances fomented by the Ulster Defence Association, the area was swept by a rumour that the whistles sent from Hanover by *German women had Republican* tags on them marked: "For Freedom in Ireland." In fact the whistles—used by the women to marshall their forces —were marked with the German for: "For Peace in Ireland—Für Frieden in Irland."



Mr. Ciaran McKeown

Supporters of both Catholic and Protestant paramilitary organisations have tried hard to trap members of the peace movement into appearing to be involved with their particular purposes or grievances. The UDA made great attempts to have a delegation of women attend the Maze Prison on their behalf to investigate claims of brutality against Loyalist prisoners, and have exploited the movement's *lack of* organisation.

The way the peace movement came into being is now a part *of recent history. Three child-*ren and their mother out for a walk were hit by a swerving car. Soldiers had fired seven *shots at the driver of the car* during a chase. Two of the children died almost instantly and the third the next day. Their *mother*, Mrs. Anne Maguire, is still seriously ill.

That night the children's aunt, Miss Mairead Corrigan, said on radio and television that violence was not what the people wanted. And a woman called Mrs. Betty Williams, *moved to a great anger at the* children's deaths, started a petition among her neighbours against the constant killing and destruction. In the meeting of these two women the peace movement was born.

But what of its future? The 34-page document produced hurriedly by Ciaran McKeown, "The Price of Peace," is an almost lyrical vision imbued with the ideals of pacifism. It is a strange combination derived from a harsh knowledge of the realities of Ulster culled from more than five years as a journalist in the Province, a background training in philosophy at Queen's University, Belfast and a grounding *in the civil rights movement.*

He left the civil rights cause when it had become inevitable that its chosen path would only *bring violence to Ulster. He* spoke out at a meeting of the People's Democracy at the end of 1968 against proposals for a *march from Belfast to London*derry, because of the "danger of bringing out every sleeping bigot along the way." But the march was supported, and on December 26, 1968, he ceased all political activity. Since then he has seen the intervening years almost as a training for the initiative he is now ready to take.

This role is in essence to articulate the feelings of the many people opposed to continuing violence, to put into words what the likes of Mairead Corrigan and Betty Williams have intuitively felt. And it is also to try to chart some future path *for the movement, to give it* substance.

The movement's leaders are plainly aware of the dangers of stepping on to the bloodied Ulster stage. Mr. McKeown admits: "For some of us it may mean the ultimate test of life and death." But it has gone beyond the point of choice. "I *now know no other way of* living, or anything else that gives life any meaning."

To those entrenched in the *sterile arguments of Ulster*, it will all seem like pie-in-the-sky. But it is perhaps the first genuinely new initiative to have appeared in the seven *years of strife.* "The Price of Peace" dismisses all the political solutions that have been thrown up in the past as being "inevitably violent, whether the violence is 'legal' or 'illegal'." It adds: "None of them can inspire the kind of enthusiastic consent that might eventually create a real democracy rather than a superficially 'democratic' form." Mr. McKeown's thesis *develops from the rejection of* the "essentially imperialist question: How can you govern Northern Ireland?" Instead he asks: "How can a stable democracy develop in Northern Ireland?"

The trouble begins, he says, once the word "people" is used, because discussion centres on groups of people, how they can co-operate and be governed, and the individual rapidly disappears. The *notion of de*mocracy is developed with increasing reference to groups of people and ultimately to a *"majority." The people of* Northern Ireland know especially well how variously the word "majority" can be *defined. The fact is that the* individual is the fundamental element of democracy, the atom of an enduring democratic structure—and an atom that cannot be split without causing violent conflict."

He talks with quiet patience, *but with total conviction*, his speech sprinkled with the thoughts of past peace leaders from Lao Tse to Gandhi, Martin Buber and Martin Luther King.

What has been achieved to date—which, it must be pointed out, in July, would have appeared unbelievable—is still limited to what Mr. McKeown calls "that anguished, inarticulate expression" of the first demonstrations. The future he bases on what he sees as a new Northern Irish identity, forged by the special experience of the people of Ulster, distinct from England, Scotland, Wales and Southern Ireland — but not separate from any of them.

"The tribal implications of *this new identity are fascinating.* Loyalists may now feel less threatened by the idea of being absorbed or bombed into a *United Ireland in which they* would feel alien, and they must realise that Northern Irish Catholics may now feel quite *distinct from those in the South* with whom they felt akin prior to 1968.

"The problem of how we are to be governed can be solved from the bottom up rather than from the top down. We are in the extraordinarily fortunate position that a formerly great *imperial power which is dog*gedly refusing to tell us how to live, which only wants us to find our own way forward and *refrains from writing down* instant solutions to our problems on the back of an envelope is nevertheless servicing us *financially while we evolve our* own institutions.

"While both sections of the tribe attack Britain over a *security role she would rather* be without, Republicans happily use British money from the Housing Executive for their building co-ops, while Loyalists enjoy the continuing subsidies of the shipyard."

His thesis suggests that the Northern Irish can go an enjoying a degree of financial cover from Britain, that could not be autonomously provided, while working "towards a state of economic self-respect as a European region."

The peace movement and its ideals are still young and *unformed but Ciaran McKeown*, who sees with great clarity the awful risks and dangers before it, dismisses the charge that it *is the vision of some "dreamer's* dreamy Utopia."

"To those for whom this bewildering possibility of a *most distinctive society seems* like pie-in-the-sky, I may retort that it is far more certain to draw forth a peaceful society than the alternative visions of more human litter in the gutter."

The Property Market

BY QUENTIN GUIRDHAM

Releasing funds for the NEB's new venture

Monday's extraordinary general meeting of Twinlock, the office equipment group, authorised the National Enterprise Board's latest stake in industry. It is subscribing £1m. for new shares which represent a third of Twinlock's enlarged equity. Shareholders have also been told that £1m. is the figure for provisions to take account of the fall in property values.

But the property position is not all downhill for the NEB's new baby, at least if you believe that a company in Twinlock's stretched poition should use its assets to raise working capital or cut debt. In the last year it has raised nearly £1.8m. through property disposals, mainly sale and leasebacks.

Previous to this, the Twinlock Board does not appear to have been too interested in property values. When it acquired The Shannon, another office equipment group—it is the timing of this merger in February 1975 on which most of Twinlock's subsequent troubles are now blamed—the valuations used for assessing the property assets of the two companies were out of date. Most of Twinlock's properties were valued by outide surveyors at various dates between 1972 and 1974, but more important was that The Shannon valuations also went back to the top of the market.

The £3.97m. at which The Shannon's land and buildings were stated at the time of the takeover was based on a March 1973 directors' valuation. Then in August of that year Weatherall Green and Smith also valued, producing a marginal (£91,500) reduction (though The Shannon directors decided not to change their own figures).

Perhaps the Twinlock Board took the view that getting a revaluation of The Shannon's properties in February 1975 would not have been a very productive exercise, especially as the premises were all used for the company's own trading.

However, now that there has been some rationalisation following the merger, including the shutting down of The Shannon's factory at New Malden, up-to-date market values have become important. Hence the provisions, mainly relating to the New Malden factory.

Subsequent to the merger, the man with a controlling interest in The Shannon, chairman Major George Webb, 72 (formally head of Alliance Property at the time of its endless scrap with Raglan Property Trust), joined the Twinlock Board. He then fell out with his fellow directors, opposed the deal with the NEB and was finally voted off the Board this week.

One shareholder at the EGM asked if any misleading information was given in connection with Twinlock's acquisition of The Shannon. He was told that the board had taken advice and that the matter was under consideration.

Whether this scrapping goes any further will be interesting. But on the property side, the Twinlock board presumably have no complaints, since the out-dated valuations were clearly stated at the time. And it is on a Shannon premises that it has raised most of its sale and leaseback money.

This is a modern 130,000 sq. ft. factory at Basildon. It was held on three separate leases of varying lengths. These were surrendered to the Basildon Development Corporation in return for a premium of £390,000 and a single new 99-year lease at an annual rent of £1. This in turn was sold to pension fund clients of Healey and Baker—the West Midlands County Council—for £1.5m. with a leaseback at £150,000. The agents advising Twinlock on the lease rearrangement and sale were Herring Son and Daw.

Then, when production ceased at the New Malden factory (best known as the Shannon Corner site to users of the Kingston By-Pass) most of the manufacturing was transferred to a new factory of 58,500 square feet at Crewe. The freehold of this was then sold to pension fund clients of Hillier Parker—the Crown Agents, no less. The price was £525,000 with the leaseback at £50,000.

Both leasebacks were on 25-years with five year reviews and again the agents advising on the fund-raising for Twinlock were Herring Son and Daw. Along with George Trollope and Sons they are now trying to let the 140,000 square feet at Shannon Corner.

In relation to the yields indicated on the above deals, it may be relevant that both were signed before the NEB stepped in. With Lord Ryder's interest, the pension funds have certainly benefited from an improved covenant. Equally, one would guess that with its new lease of life, Twinlock would continue to look more closely at the worth and utility of property assets.

Fleming reaches £50m.

An offer price of £1.153 a unit, an increase of £38 on the offer price in June, takes the value of the Fleming Property Unit Trust past the £50m. mark. The forecast yield for the next year is 6.9 per cent. With some shop purchases in Norwich and Shrewsbury, factories in Watford and Orpington and a 1,000 acre farm near Lincoln, the trust is almost fully invested. It has also rid itself of its worst headache.

This was an empty (since May 1975) office development of 32,000 sq. ft. in Grosvenor Place, London S.W.1. Fleming had funded it for a subsidiary of the Burston Group. There was an agreement that if did not let the developers would take a leaseback. But just before completion—it was a rebuilding behind a listed facade — Burston failed. So Fleming was left to take the risk itself.

Strangely, after waiting more than a year, the trust says it took just three weeks of hard bargaining to sign up its tenant, Sogex Services (U.K.). This is a large construction group in the Middle East which formerly had its headquarters in Beirut. It had decided on London as an alternative base and the sense of urgency was increased by the familiar wrangle that to get work permits you first need offices.

Fleming settled for just under £9 a sq. ft., a rent of £285,000 with five year reviews.

Intercal's other London headache

Though Scottish and Universal Investments had written off its investment in International Caledonian Assets a year before it decided to make the full provision against its loan to Amalgamated Caledonian (half owned by Intercal), Intercal is still in business, and in a more active sense than merely watching over the Army and Navy development.

The company which has indirectly led to all the trouble at Scottish and Universal was started in 1972 when Mr. P. A. Oppenheim and Mr. W. A. Dale-Harris left Argyle Securities, where they had been directors. On their way, they bought some of Argyle's Scottish projects for £200,000. The backing came from the Scottish and Universal, House of Fraser and Noble Grossart shareholders. It has had some successes in Scotland, in Glasgow and Aberdeen and Intercal is now proceeding on some small office schemes in the South East of England. The company has, Oppenheim says, survived without having to call for a fresh injection of capital.

But it has had other problems in London apart from the Army and Navy project on which, apart from its architectural merit, it may be too soon to despair of some reasonable eventual return to the private interests (the main, £44m. funding is by Electricity Supply Nominees).

Intercal's other London headache was its scheme to refurbish the bottom half of Furness House, Leadenhall Street, on which Furness Withy held the lease. Intercal's agreement with Furness Withy, made in 1973, was that it would pay just over £2m. for the interest when the refurbishment was complete. So it went ahead with the job (building costs about £900,000) but when it came to finding the £2m. last year was unable to complete.

It seems that relationships with Furness Withy remained reasonably amicable, but then Furness Withy has not been left with nothing to show for a timely sale which went wrong. It has had the refurbishment done for nothing and is currently trying to let the 28,764 square feet through Richard Ellis and Matthews and Goodman.

Town & City's reversions

TOWN AND CITY'S future, as the summer's balancing act with its borrowing limits showed, is very much tied to the state of sterling (no pun intended). But allowing for this, and for the dangers ahead from increased interest charges, much of the future is going to depend on the basic ability to get its developments let. For its present progress to be maintained—if development expenses had been charged to revenue the group's pre-tax loss would have been £22.5m. for last year against £27.5m. the year before, and most of the improvement came in the second half—then a lot depends on the reversions and the letting programme.

The accounts again provide a projection of reversionary rental increases. With the sales programme, and with what is said to be an objective review of market rents (which could mean downwards since last year), the reductions from the last report's projections are not large. The good year remains 1978, when an increase of £1.8m. is projected. This is not a bet on one or two big hikes from reversionary investments, but spread around a group of coincidental reviews. This year's figure is £0.8m. and the totals for 1979-81 settle down around £1.4m.

The group will not give a figure for its volume of unlet U.K. office space. What it does admit is that office lettings have been slow where shop lettings have held up reasonably. So in developments completed in the last year, the Wandsworth Arndale Centre is now 91 per cent. let, though the Dartford Centre (where there are 8,000 square feet of offices in addition to the 138,000 square feet of retailing) is still only 68 per cent. let. The *shopping element* is the major factor in the group's Manchester schemes, where the Arndale opens in the autumn, but even so Town and City will have to find tenants for 400,000 square feet of offices in the Market Street and Market Place schemes.

With the Gamages development fully funded and only just started, the relevant office developments are those already completed (the run-down on the development side is indicated by a drop in capital commitments net of financing arrangements to £7m. from £38m.). Of the scheme finished in the last year, the 28,500 square feet Lion House in London WC1 was let to Cable and Wireless and half of a 30,000 square feet block in Charing Cross Road has also gone.

But the 45,000 square feet Kimberley House in Holborn Viaduct is still unlet, while outside London there are 81,500 square feet of offices which are 35 per cent. let, the whole of the 36,000 square feet former Bank of England building in Leeds and most of a 24,000 square feet block in Leicester. The successful regional letting was the 58,000 square feet in St. Mary's Parsonage, Manchester.

With the improved letting market, the chances of revenue increases from these new buildings, and others from previous year's programmes, could be a significant pointer to the group's chances. But in terms of the revenue deficit, the danger remains in the half of the book value of £156m. for development properties which is tied up in schemes held for or acquired with a view to developing but where development has not started or has been suspended. Clearly there is no question of any diminution to this total without nil-risk funding arrangements.

Ashville lettings at Abingdon

Ashville, a private group whose policy is to manufacture industrial developments rather than try to hold on to anything very long as an investment, has had some letting success on its 21-acre development at Abingdon which fronts the A34 (M) just south of Oxford.

Linde Hydraulics, fork-lift truck manufacturers, will occupy a purpose-built factory, due in November, of 24,000 square feet forming the first phase of an eventual 40,000 square feet for sales, service and maintenance. Bass Charrington has taken a lease on a purpose-built warehouse and distribution depot of 24,000 square feet. This was handed over in June. And a locally based company, Messrs R. R. Alden and Son, has recently entered into an agreement to lease a 28,000-square-feet building to be used for wholesale food distribution. This is due in May next year.

Ashville, which began work at Abingdon in December last year though it had owned the site a lot longer, has also finished the first phase of speculative units there. Half of these are now let.

A subsidiary of Blackwood Hodge has taken 6,000 square feet and Oxford Electronic Instruments 13,000 square feet. Two further units are reserved and the remaining one, of 7,650 square feet, is being offered at around £1.40 per square foot.

INDUSTRIAL AND BUSINESS PROPERTY

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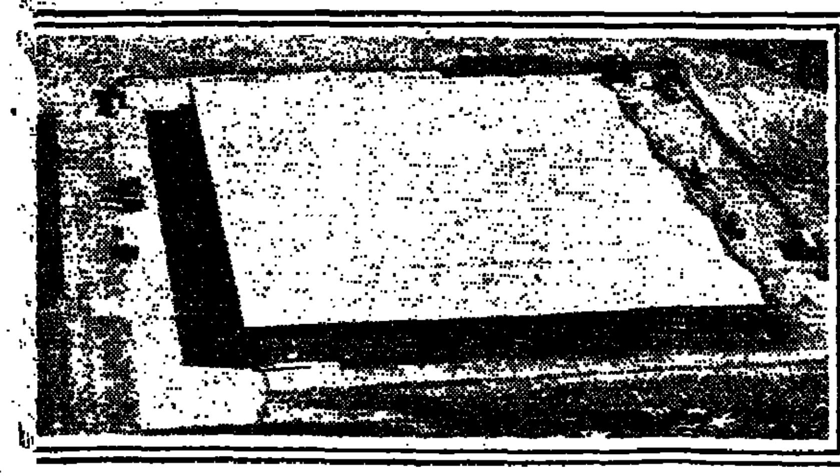

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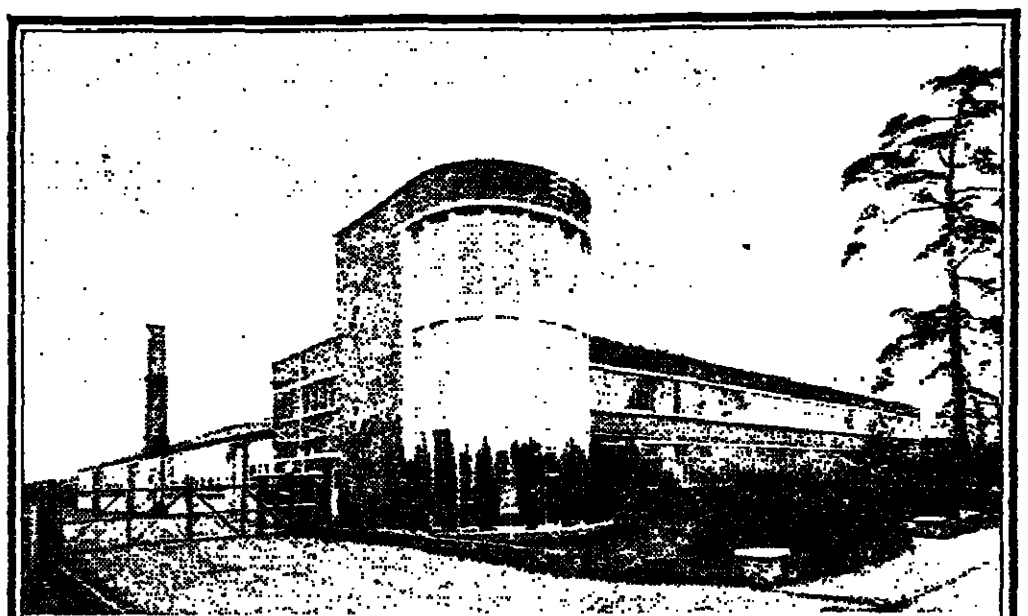

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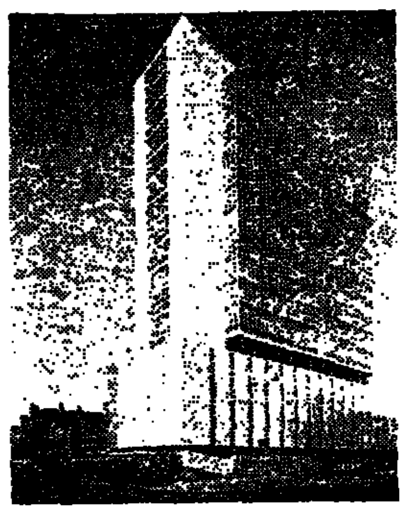

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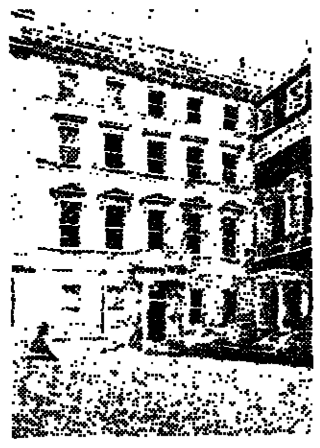

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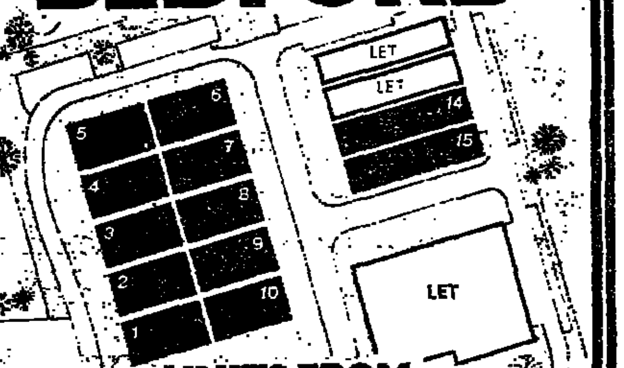

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WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Off 3.25 ahead of banking figures

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 23.

AFTER ABSORBING early profit-taking. Wall Street again backed off and closed moderately lower to-day. ahead of the U.S. Weekly Banking figures and the start of the Ford/Carter debates in the evening.

The Dow Jones Industrial Average opened 3.99 down at 1010.06, rallied to 1016.54 by mid-day, up a net 2.49, before finishing at 1010.80, for a net loss of 3.25. The NYSE All Common Index dipped 27 cents to $57.08, while losses outnumbered gains by 912-to-532. Trading volume dropped 8.76m. shares to 24.21m.

Late in the afternoon, the Federal Reserve Bank of New York reported increases of $4.5bn. in basic money supply (M1) and $5.3bn. in the broader based M2 aggregate. Wall Street analysts took a pessimistic view of the figures.

In addition, brokers noted that Retail Sales for the week were down 4.1 per cent., although it had little effect on the Stock Market.

Standard Brands shed $¾ to $30⅝—it said profits "won't be appreciably higher than a year ago."

Allis-Chalmers fell $2¼ to $26⅝, following a Government report that durable goods factory orders declined in August.

Interco firmed $⅛ to $43⅞ on its expectation of record second quarter earnings.

Wickes moved up $1 to $11⅞, reflecting an initial cash quarterly dividend.

Copper Range fell $1⅛ to $21—it said Amoco Minerals would not roceed with the roposed acquisition of Copper Range.

National Semiconductor surrendered $2⅞ to $35⅞.

Motors eased, despite an 8 per cent. rise in mid-September on new car sales.

Heublein fell $2⅞ to $47⅞ — it expects higher first quarter profits, but not the strong trend of recent quarterly gains.

Bache Group slipped $⅜ to $9⅛ on lower quarterly earnings.

The American SE Market Value Index slipped 0.41 to 103.66, while declines led advances by 352-to-243.

Houston Oil and Minerals fell $1⅛ to $64⅛, but Wewanee Industries rose $1⅜ to $28⅞.

Syntex were up $⅛ to $26⅛ on 91,100 shares. Knickerbocker Toy gained $1 to $20.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Fed. Nat. Mort	497,900	16⅛	—
Florida Power Lt	152,900	26⅞	−⅛
Middle S. Ut.	287,700	16⅛	+⅛
Caterpillar Tractor	282,200	55⅞	+⅛
Pan Amer. Air.	256,400	5⅛	−⅛
Searle G.D.	251,000	13	+⅛
Nat. Semiconductor	241,800	35⅞	−3⅛
Exxon	214,900	56⅛	—
Westinghouse Elec.	216,100	18⅛	−⅛
Allis Chalmers	215,000	26⅝	−2¼

OTHER MARKETS

Canada lower

With the exception of Base Metals, which rose 0.15 to 87.40 on Index, all other sectors gave ground in moderate trading on Canadian Stock Markets yesterday.

Industrials lost 0.56 to 188.66, Golds 0.82 to 244.56, Western Oils 1.67 to 214.02, Utilities 0.59 to 130.04, Banks 1.95 to 252.62 and Papers 0.91 to 124.93.

Canadian Tire fell $1¼ to $40½ and Dome Petroleum lost $⅞ to $35½.

Among Banks, Toronto Dominion slipped $⅞ to $20 and Canadian Imperial were off $¼ to $26⅞.

Falconbridge Nickel rose $½ to $42, following higher nickel prices.

PARIS—Lower in active trading with most operators considering the economic measures announced by the French Prime Minister insufficient to deal with France's economic problems.

Nearly all sectors lost ground, with Foods and Motors among the most notable losers, but Heavy Engineerings and Stores were slightly firmer.

Among Foreign shares, Americans and International Oils eased, while Germans, Coppers and Golds all firmed.

BRUSSELS — Mixed in moderately active trading.

In Steels, Clabecq were off Frs.55 to 3,745 and Arbed lost Frs.45 to 3,780, while Cockerill gained Frs.20 to 728.

Non-Ferrous Metals were generaly easier. Chemicals firmed, Oils were steady, while Holdings were lower.

U.S. stocks were a little off. South African issues declined, Dutch shares lost ground, Germans were easier and the French sector was lower.

AMSTERDAM—Mostly lower in slow trading.

Banks, Insurances and Transportations were mostly weak.

Rather heavy losses were seen in Dutch Industrials. Heineken were down Fls.2.30, Gist Brocades Fls.2.10, Oce Fls.2, IHC Holland Fls.0.70, RSV Shipbuilding Fls.3.50 and VMF-Stork Engineering Fls.3.

Bonds lost an average of Fls.0.20 to Fls.0.30.

GERMANY—Mostly lower, while awaiting the Central Bank Council meeting.

VW were an exception and rose DM0.60 to 139 on strong buying interest. BMW also firmed DM0.50 to 221.50.

Banks were hard hit. Deutsche Bank were down DM2.50 to 293.50, as were Dresdner to 222.50.

Steels and Engineerings also fell up to DM2.50 while falls in leading Chemicals and Electricals were limited to DM1.40.

Domestic Bonds were quiet, while awaiting the conditions of the new Federal Loan. Public Bonds were mixed. The authorities sold a net DM8.5m. nominal of stock. Foreign Mark Loans were well maintained.

COPENHAGEN — Mixed in moderate dealings.

SWITZERLAND—Mostly lower in moderate trading.

Bank Leu, however, moved against the general trend and rose Frs.60 to 3,380.

The Insurance sector was generally steady.

Usego fell Frs.40 to 320, and Alusuisse Bearer Frs.35 to 1,420.

Dollar stocks were irregular, Dutch Internationals steady, while Germans edged lower.

MILAN—Mixed in moderate dealings, after late technical demand halted the earlier downward trend.

OSLO—Banks, Insurances, Shippings and Industrials were all slightly easier.

VIENNA — Market fluctuated narrowly in quiet trading.

HONG KONG—Mixed in slow trading.

Hong Kong Bank moved up 10 cents to $HK19.50. Wheelock "A" 2½ cents to $HK2.425 and Hong Kong Telephone 10 cents to $HK27.30.

But Hong Kong Land were down 5 cents to $HK7.30, Jardine 10 cents to $HK19.40 and Hong Kong Electric 2½ cents to $HK4.475.

Hutchison fell 10 cents to $HK3.275 after saying it was negotiating to sell its 29 per cent. stake in Harbour Engineering at $HK1.15 a share. Harbour Engineering gained 2 cents to 82 cents.

TOKYO—Closed yesterday — Autumn Equinox Day.

JOHANNESBURG—Gold shares held steady on firmer bullion indications, but trading was cautious following earlier disturbances in Johannesburg.

Financial Minings were mixed, while Coppers and Platinums were quietly firm.

Industrials also were firm in moderately active dealings.

AUSTRALIA—Generally firmer on revived interest, although profit-taking pared most early gains.

Big new developments on the iron ore fields of Pilbara sent Hamersley up 17 cents to $A2.18 and Robe River 7 cents to $A1.25.

Poseidon gained 5 cents to 85 cents., Pan-Continental moved up 30 cents to $A11.80 and Peko-Wallsend rose 2 cents to $A5.52.

Among Industrials, BHP put on 12 cents to $A7.76 and the rights 6 cents to $A3.63.

Woodside-Burmah rose 3 cents to $A1.22 on rumours that the North-West Shelf Consortium was to bring its drilling programme forward now that there is an opportunity for big sales of liquid natural gas.

Indices

NEW YORK—DOW JONES

	Sept. 23	Sept. 22	Sept. 21	Sept. 20	Sept. 17	Sept. 16	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	1010.80	1014.05	1014.79	994.51	995.10	987.95	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds*	89.86	89.65	89.85	69.56	89.21	89.06	89.86 (23/9)	85.68 (13/7)	—	—
Transport	221.54	222.60	222.75	219.54	218.77	217.71	231.77 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	98.16	96.61	99.02	97.61	97.56	96.82	99.02 (21/9)	84.8 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	24,210	32,970	30.50	21,750	28,270	19,620	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Sept. 17	Sept. 10	Sept. 3	Year ago (approx.)
	3.85	3.87	3.88	4.61

STANDARDS AND POORS

	Sept. 23	Sept. 22	Sept. 21	Sept. 20	Sept. 17	Sept. 16	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	119.93	120.50	120.89	119.10	119.65	118.27	120.89 (21/9)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	106.92	107.46	107.85	106.32	106.81	105.56	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Sept. 22	Sept. 15	Sept. 8	Year ago (approx.)
Ind. div. yield %	3.40	3.49	3.46	3.96
Ind. P/E Ratio	12.21	11.82	11.90	11.32
Long Gov. Bond yield	5.18	5.22	5.25	6.10

N.Y.S.E. ALL COMMON

Sept. 23	Sept. 22	Sept. 21	Sept. 20	1976 High	1976 Low
57.08	57.35	57.51	56.74	57.51 (21/9/76)	37.06 (2/1/76)

Rises and Falls	Sept. 23
Issues Traded—1,916	Up—532
Down—912	Same—472
New Highs 84	New Lows 11

	Sept. 23	Sept. 22	Sept. 21	Sept. 20	1976 High	1976 Low
MONTREAL Industrial	190.12	191.27	191.26	190.25	207.55 (19/5)	176.62 (2/1)
MONTREAL Combined	189.09	190.16	189.88	189.17	199.78 (20/5)	175.67 (2/1)
TORONTO Industrial	188.66	189.22	188.85	188.01	197.45 (20/2)	173.01 (2/1)
JOHANNESBURG Gold	158.1	159.5	156.1	147.8	226.7 (12/3)	113.5 (25/8)
JOHANNESBURG Industrials	190.4	189.5	185.5	183.0	216.9 (21/6)	177.1 (30/8)

	Sept. 23	Previous	1976 High	1976 Low
Australia (a)	474.34	473.24	522.65 (19/8)	445.52 (5/1)
Belgium (b)	94.98	94.65	115.18 (6/2)	92.54 (16/9)
Denmark (d)	107.50	107.04	117.70 (19/8)	100.20 (10/5)
France (e)	61.6	62.2	74.5 (5/5)	60.2 (12/9)
Germany (f)	760.4	764.4	821.7 (17/3)	727.6 (9/8)
Holland (g)	84.5	85.6	105.5 (5/2)	84.3 (27/8)
Hongkong (h)	420.25	420.19	495.53 (17/5)	354.55 (2/1)
Italy (k)	77.22	77.71	91.57 (25/2)	72.2 (4/6)
Japan (m)	(e)	354.83	368.81 (1/9)	352.90 (14/9)
Singapore (n)	274.44	274.35	286.16 (5/2)	256.5 (2/1)
Spain (p)	82.05	81.97	100.79 (7/5)	79.49 (9/9)
Sweden (q)	419.14	425.09	476.86 (10/6)	385.8 (19/1)
Switzerl'd (r)	277.7	279.6	298.6 (3/5)	269.7 (15/9)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10) (a) Sydney All Ord (b) Belgian SE 31/12/63 (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961 (f) Commerzbank December 1953 (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73 (m) Tokyo New SE 4/1/68 (n) Straits Times 1966 (p) Madrid SE 31/12/74 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58 (u) Unavailable ‡ Excluding bonds † 400 Industrials ‡ 400 Inds. 40 Utilities 40 Finance and 20 Transport ¶ Closed

£ at new low

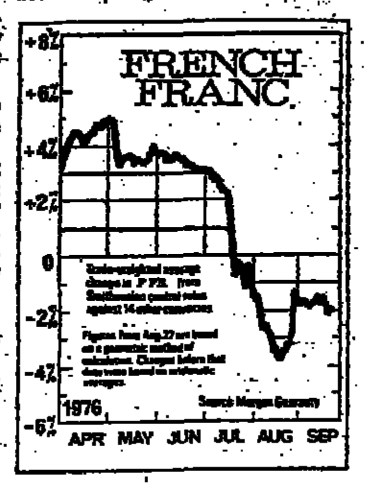
Sterling continued its recent decline in the foreign exchange market yesterday, losing 45 points to finish at $1.7110-1.7120 against the U.S. dollar. Movements tended to be exaggerated by the rather thin trading conditions, and initially the pound fell some 50 points to $1.7060-1.7070. However it later recovered to $1.7100-1.7110 and stayed there for most of the day.

The Bank of England gave no support to sterling, and its trade weighted average depreciation widened to a worst ever closing level of 42.5 per cent., having showed a record gap of 42.7 per cent. at noon and in the morning.

The Italian lira came under renewed pressure and the Bank of Italy was reputed to have sold around $110m. this week in support operations. In generally nervous conditions the lira closed at L849½ from L845½ to the dollar.

The French franc suffered a sharp reverse after a seemingly brighter outlook following the announcement of anti-inflation measures by the authorities and a one per cent. rise in the bank rate. However these same masures sparked off a call by leading French trade unions for industrial action in protest, and the franc fell to Frs.4.91½ from Frs.4.91 in very active and volatile trading.

After an initial sluggishness, the U.S. dollar finished the day on or about its best level. The upward trend was probably inspired by an ease of speculative trading in the West German mark, and news of a reduced trade surplus for August in West Germany. The average depreciation of the dollar on a Morgan Guaranty basis, using noon rates in New York, improved to 2.79 per cent. from 2.90 per cent. Gold put on $¼ an ounce to $117⅞-118⅛ in moderately active trading.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Sept. 23	Sept. 22
Sterling	0.678653	0.674388
U.S. dollar	1.15625	1.15617
Belgian franc	44.0358	43.8911
Deutschemark	2.85640	2.65401
French franc	5.67430	5.64384
Italian lira	980.211	976.154
Japanese yen	—	333.676
Dutch guilder	2.98948	2.98525
Swedish krone	4.98309	4.98309
Swiss franc	2.85524	2.85389

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Sept. 23	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.478 480	50.40-46	6 47 48	4.243 247	95 62 65	100.05-09
N. York	40.30-32	—	20.30-32	2.616-617	1.7110-7120	38.60-62	40.41-43
Paris	197 8 98.35	4.885 930	—	12.843-865	8 372 460	189 10 80	197.7-98.36
Brussels	15.41 45	38.13 18	7.74-78	—	65.22-37	14.74 79	43 48
London	4.23⅞-24⅞	1.711-712	8.40⅛-41⅛	65.45 65.66		4.45⅛-44⅛	4.23⅞-24⅞
Am'rd'm	104.68 795	2.5842-67	52.60-55	6.766 791	4.4185-4236	—	104.745-795
Zurich	99.80-89	2.474 475	50.25-33	6.47⅞ 48⅞	4.2356 90	95.46 57	

U.S. $ in Montreal U.S. $=97.36 28 Canadian cents. Canadian $ in New York. C $=102.74-76 U.S. cents. U.S. $ in Milan 849.10-60. Sterling in Milan 1464.75-66.25.

EURO-CURRENCY INTEREST RATES*

Sept. 23 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	13¼-13¾	5-5¼	8¼-9¼	8½-9⅛	4⅜-4½	⅛-⅝
7 days' notice	14-14½	5⅛-5⅝	8¾-9¾	8½-9⅛	4⅜-4½	1⅛-1½
Month	14⅝-15⅛	5¼-5½	8-8¼	12½-13½	4⅜-4½	1⅛-1¼
Three months	15-15⅛	5⅝-5⅞	8⅛-8⅝	12¼-13¼	4⅜-4⅝	1⅛-1⅝
Six months	15½-16	5⅞-6⅛	9⅛-9⅝	10¾-11¼	5-5⅛	1⅛-1⅛
One year	16⅝-16⅞	6¼-6½	9⅛-9⅝	-10		1⅞-2⅛

Euro-French deposit rates. two-day 9½-9¾ per cent.; seven-day 9½-9¾ per cent.; one-month 11-11¼ per cent.; three-month 11 11/16-11 15/16 per cent.; six-month 11⅜-11⅞ per cent., one year 11⅜-11⅞ per cent.

Longer-term Eurodollar deposits: two years 7⅝-7⅞ per cent.; three years 7⅝-8 per cent.; four years 8¼-8⅝ per cent.; five years 8¼-8⅝ per cent.

The following nominal rates were quoted for London dollar certificates on deposits: one-month 5¼-5⅜ per cent.; three-month 5 7/16-5 9/16 per cent.; six-month 5 11/16-5 13/16 per cent.; one year 6⅛-6¼ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

** Rates unavailable due to market fluctuations.

GOLD MARKET

	Sept. 23	Sept. 22
Gold Bullion (a fine ounce)		
Close	$117¾-118¼	$117½-118
Opening	$118-119	$120½-121
Morning fixing	$119.00 (£69.538)	$120.75 (£70.429)
Afternoon fixing	$117.75 (£68.787)	$118.00 (£68.793)
Gold Coins domestically		
Krugerrand	$120-122 (£70½-71½)	$121-123 (£70-71)
New Sov'r'gns	$42-44 (£24½-25½)	$41½-43½ (£24¼-25¼)
Old Sov'r'gns	$39½-41½ (£23¼-24¼)	$39-41 (£22¾-23¾)
Gold Coins (internat'nally)		
Krugerrand	$120-122 (£70½-71½)	$122-124 (£71-72)
New Sov'r'gns	$41-43 (£24-25)	$41½-43½ (£24-25)
Old Sov'r'gns	$36-38 (£21-22)	$37-39 (£21½-22½)
$20 Eagles	$187-190	$187-190
$10 Eagles	$95-99	$96-99
$5 Eagles	$63-67	$64-67

FOREIGN EXCHANGES

Sept. 23 1976	Bank Rate %	Day's Spread	Close
New York	5½	1.7045-1.7130	1.7110-1.7120
Montreal	8½	1.6800-1.6880	1.6860-1.6870
Amsterdam	7	4.33¾-4.45	4.43¾-4.44¾
Brussels	9	64.85-65.70	65.45-65.55
Copenhagen	8½	10.11-10.21	10.18½-10.20
Frankfurt	3½	4.20-4.25	4.23¾-4.24½
Lisbon	6½	53.20-53.80	53.35-53.55
Madrid	7	115.80-116.80	115.90-116.10
Milan	12	1,445-1,455	1,458-1,462
Oslo	5	9.15-9.25	9.24-9.25
Paris	10½	8.31-8.44	8.40¾-8.41¾
Stockholm	6	7.36-7.42	7.40¾-7.41¾
Tokyo	6½	483-487	492-494
Vienna	4	29.80-30.20	29.90-30.10
Zurich	2	4.20-4.29	4.23¾-4.24¾

* Basic discount. † Rates given are for convertible franc: financial franc 6.99-67.19.

OTHER MARKETS

			Notes Rates
◆Argentina	285.47-89.67	Argentina	450-550
Australia	1.5880-1.5922	Austria	29¾-30½
Brazil	19.28-19.48	Belgium	67-68
Finland	6.62-6.64	Brazil	25-29
Greece	62.249-63.818	Canada	1.67-1.69
Hong Kong	8.3580-8.5558	Denmark	10.15-10.35
Iran	119-122	France	8.35-8.45
Kuwait	0.493-0.505	Germany	4.20-4.30
Luxembg.	65.45-65.65	Greece	61½-64½
Malaysia	4.3105-4.3215	Italy	1460-1490
N. Zealand	1.7209-1.7371	Japan	490-510
Saudi Arab	6.01-6.11	Netherl'ds	4.40-4.50
Singapore	4.2045-4.2165	Norway	9.20-9.40
S. Africa	1.4767-1.4972	Portugal	55-57
U.S.— Canada		Spain	115-118
C$1—		Switz'land	4.15-4.30
U.S. cents	102.66-102.69	U.S.	1.71¼-1.74
		Yugoslavia	32-34

*Basic discount. † Given rates are for dealers. ◆ Rate given is Official Bank. RCRA rate 428.34-428.74.

FORWARD RATES

	One month	Three months
New York	1.33-1.25 c. pm	3.85-3.83 c. pm
Montreal	0.70-0.60 c. pm	2.20-2.10 c. pm
Amst'dam	1 c. pm-par	2¼-1¼ c. pm
Brussels	15-35 c. dis	25-45 c. dis
Cop'nh'gn	8½-10½ ore dis	12½-14½ ore dis
Frankfurt	4-3 pf. pm	11-10 pf. pm
Lisbon	10c. pm-40c. dis	20-140 c. dis
Madrid	250-450 c. dis	500-700 c. dis

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—120⅞% (118%)

NEW YORK

CANADA

GERMANY ◆

Sept. 23	Prices Dm	+ or −	Div.	Yld.
A.E.G.	90	−0.7		
Allianz Versich	400xr	+1	18	2.2
B.M.W.	221.5	+0.5	18	4.1
B.A.S.F.	160.1	−0.9	14	4.3
Bayer	133	−0.8	14	5.2
Bayer Hypo	289.5		20	3.4
Bayer Vereinsbk.	302.5	−0.5	20	2.8
Commerzbank	180.5	−0.7	18	5.0

MILAN

Sept. 23	Price Lire	+ or −	Div. Lire	Yld.
Autalia Priv.	699	+30		
ANIC	505	−2		
Bastogi Fin.	3,224	+6	180	4.0
Bastogi	1,016	−10.5		
Breda	2,270	+10	165	6.4
Burgo	9,250	−50		
Cantoni	6,002	98		
CIGA	1,740	−15		
Guerrini	4,000	−1	225	5.6
Dalmine	716.5	+2.5	75	1.1

AUSTRALIA

Sept. 23	Aust. $	+ or −
ACMIL	0.62	
Acrow Australia	0.70	
Adelaide Brighton Cement 50c	1.22	
Allied Mfg.-Trdg. Indus. $1	1.64	+0.02
Ampol Exploration	1.20	
Ampol Petroleum	0.65	
Assoc. Minerals	3.25	−0.05
Assoc. Pulp Paper $1	0.98	
Aust. Con. Industries	1.57	
Aust. Foundation Invest.	0.88	+0.03
A.N.I.	1.15	+0.01
Aust. Oil & Gas	0.13	

JOHANNESBURG

PARIS

BRUSSELS/LUXEMBOURG

SWITZERLAND

AMSTERDAM

TOKYO

STOCKHOLM

COPENHAGEN

VIENNA

OSLO

SPAIN

NOTES: Overseas prices exclude $ premium. Belgian dividends are shown after withholding tax.

Coffee and cocoa prices rise

BY OUR COMMODITIES STAFF

COFFEE AND cocoa prices moved up sharply on the London terminal markets yesterday.

The tone in New York appeared to be the major factor in coffee, which moved up about £12 a tonne initially and made further ground during the afternoon to close at all-time peaks. The November position ended the day higher on balance. Dealers attributed the increase mainly to stop-loss and chart buying.

Cocoa futures moved up by the permissible limit soon after the opening encouraged by fancy factors but failed to sustain the rise. By the close profit-taking had trimmed quotes significantly and the December position ended at £1,477.25 a tonne, up £5 on the day.

In Monte Carlo meanwhile a leading Brazilian coffee official said although coffee crops had been badly hit by the July 18 frost last year, Brazil's rapidly dwindling coffee stocks still would tide over the next two years of shortage, reports AP-Dow Jones.

Mr. Andre Jacques Assa, chairman and managing director of Continental de Cafe, of Rio de Janeiro, said any weakening in prices, however, could provide added impetus to Brazilian farmers to turn away from perennial coffee crops to annual grain crops, which are equally remunerative.

Mr. Assa told a coffee conference that, after an exhaustive study of world coffee production areas, he was convinced that no other coffee-growing nation could fill the gap should Brazil's Parana and Sao Paolo farmers decide to stop growing coffee.

Drought hits August milk output

THE HOT dry August brought milk production in England and Wales down to the lowest figure for the month since 1968, the Milk Marketing Board said yesterday.

Production fell to 181.6m. gallons, a drop of 6.7 per cent. compared with August last year. It follows a fall of 2.7 per cent. in July compared with the year before. The main effect has been a cut in the manufacture of dairy products.

An MMB spokesman said recent rains had enabled dairy cows to graze the regrowth of grass, and there were signs that the fall in milk production was levelling out.

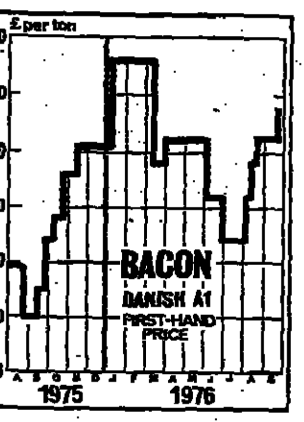
"But is it too early to say whether it will pick up in the same way as last year."

First-hand bacon prices increased again

BY OUR COMMODITIES STAFF

BACON PRICES will rise again next week, reaching the highest level since early March. The Danes announced a £30 a tonne increase yesterday. It is the fourth rise in eight weeks and takes their first-hand price to £990 a tonne.

Similar rises were made for Irish and Ulster bacon, taking both to £950 a tonne. But FMC, Britain's biggest curer, which lifted its first-hand price by £15 last week, has kept this week's increase to £20, bringing the price to £955 a tonne.



Middle cut rashers are again expected to bear the brunt of the increase at retail level with rises of up to 3p a lb. Gammon and fore end cuts may go up by around 1p a lb. Some bacon traders feel that the latest increase is not justified by market conditions. They warn that the producers are fast approaching a price level at which serious consumer resistance could set in.

John Cherrington, our Agriculture Correspondent writes: Mr. H. Newton Clare, chairman of the Bacon and Meat Manufacturers' Association, said yesterday the British industry was being throttled by the distortions caused by the EEC Green pound. Plants were closing and 5,000 to 6,000 jobs had already been lost.

Both processors and farmers were being debilitated and the prospects of further investment jeopardised.

He said in London that the basis of the monetary compensatory amounts (MCAs) on pig meat was tied to the value of the Green pound. But original calculation 14 years ago on the then price of grain had been wrong and should in any case be readjusted to the extent of 60 per cent.

The effect of this distortion meant that Dutch canned hams received a subsidy of 25p a lb and Danish bacon received one of 12.4p. No British processors could meet these figures and at the same time pay a suitable price to farmers.

He also said that the correction of the MCA calculation and a modest devaluation of the Green pound of say 5 per cent. would add no more than 0.1 per cent. to the retail price index.

Mr. Newton Clare insisted that the virtual ban on the importation of manufacturing beef which had been in force since 1974 should be lifted as there was literally no substitute from European farms.

● I understand that the British Ministry of Agriculture did attempt to have the basis of the calculation of the pig meat MCA altered recently on the lines suggested by Mr. Newton Clare. The Commission would only agree to this if it included some element of a devaluation of the Green pound.

EEC canned food duty protest

BY DONALD MACLEAN

A PLEA for reduction in EEC tariffs on canned fruit was made yesterday by the British Association of Canned Food Importers and Distributors.

A four-point plan has been put forward by the association, involving approaches to Parliament, the EEC and the General Agreement on Tariffs and Trade.

The association said prices in the shops were being kept up by EEC policy.

The proposals put forward seeks:—

1—A cut in EEC tariffs of up to 50 per cent. on peaches, fruit cocktail and pineapple. This would reduce tariffs from above 20 per cent. to the 10-12 per cent. range.

2—A clear declaration by the EEC in GATT that the Community will not introduce any form of minimum prices for canned fruit.

3—Support for the National Canners Association of the U.S. request to the EEC to combine the variable sugar levy with the common external tariff in order to simplify the calculation of overall duty.

4—Removal or improvement of overall duty level.

The association said a result of the U.K.'s entry into the EEC was the ending of free access for canned fruits from the Commonwealth and an increase in duties on third country produce, which includes canned peaches and fruit cocktail from California and pineapple from Hawaii. EEC duty levels normally range from 19-24 per cent. it said.

There was a variable sugar levy, fluctuating with the relationship of EEC and world sugar prices and regulations governing the issuing of import licences, which required a deposit for canned fruits, so as to make importing more "difficult and costly."

The association is proposing to draw support from EEC and other countries. It is particularly concerned by regulations which affect imports of canned fruits where the fruits involved are not produced in quantities within the EEC.

Animal health rules 'risk'

THE NATIONAL Farmers Union Council yesterday unanimously endorsed the Union's animal health committee's flat rejection of EEC's Commission draft proposals to harmonise animal health legislation in the Community.

Mr. Harry Thompson, chairman of the animal health committee, said: "We believe that if these proposals are approved, they will bring a significant risk of long term damage to our livestock industry.

"The U.K. has built up a reputation in the animal health field over very many years, and at considerable cost in both public and producer funds. We will not jeopardise this huge investment and the future of our livestock industry by being forced to adopt Continental policies.

"Some of these policies, such as the import of stock vaccinated against foot and mouth disease, have been rejected by the U.K. and other leading stock breeding countries over many years.

"We cannot emphasise too strongly the grave risks we would be running if such a diminution of our present protection against serious animal health hazards is implemented."

Australian wool supply fear

PERTH, Sept. 23.

AUSTRALIA MAY find difficulties in meeting world demand for wool by 1978-79, Mr. Malcolm Vawser, general manager of the Australian Wool Corporation (AWC) said.

The AWC was concerned about the decline in Australian sheep numbers and wool production. Shorn wool production for 1976-77 was estimated by the Australian wool production forecasting committee at 630m. kilos greasy. This would be 7½ per cent. down on last year's figure and the biggest percentage decline ever from one season to another.

Last March there were 149m. sheep in Australia. By next March the level could fall to 138m.—the lowest since the mid-fifties, Mr. Vawser said. The decline is due to drought, low lambing percentages, slaughterings and big live sheep exports.

The AWC wool stockpile now at 1.3m. bales would help ease the situation.

"If action is to be taken about the decline in sheep numbers it would need incentives by the Government," he said.

Reuter

New U.S. move to curb palm oil imports

WASHINGTON, Sept. 23.

THE U.S. House of Representatives' Agriculture Committee approved two resolutions designed to reduce the threat posed to domestic oilseed producers by growing palm oil imports.

One measure calls on the Administration to negotiate voluntary restraints on excessive shipments to the U.S.

The other urges it to oppose any further palm oil development loans by international financial institutions which would have the effect of boosting exports.

The first resolution still requires concurrence by the international relations committee, the second by the banking committee, before they can be sent to the full house for consideration.

Even if both panels and the house were to take the same position, the measures would be merely advisory to the Administration. Resolutions would not have the force of law.

Reuter

COMMON AGRICULTURAL POLICY

No bed of roses for Mr. Silkin

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MR. JOHN SILKIN, the new Minister of Agriculture, inherits no bed of roses. Some of the issues he will face could provide a bed of thorns sharp enough to keep even the most devout of fakhirs awake.

Farmers will provide the least of his worries. The drought seems to be over and, apart for the well rebearsed and reiterated request for a devaluation of the Green Pound, the National Farmers' Union seems to be taking the line that farmers should be able to cope with natural hazards of this sort. Most farmers accept this.

But with the EEC things could be very different. In its tenderness to the consumer the British Government is quite out of step with the other eight member countries. These take the line which is best illustrated by a commission official last time I was in Brussels. He could not understand why the British Government was always belly-aching about food prices.

But food prices are crucial to the social contract, and wage restraint. They are likely to increase substantially by the end of transition, when in theory farm prices here should be harmonised with those in the rest of the EEC in terms of units of account.

This should mean an increase of roughly 6 per cent. by January 1978.

But this is far from being the whole story. Because of the fall in sterling the Green Pound, in which British farm prices are set, is overvalued by 27 per cent.

Due to the exchange differences between member States there are other Green currencies. To equalise prices for inter-Community trade Monetary Compensatory Payments (MCAs) are applied. Because of the fall in sterling British MCAs are the highest. Last year their cost to the EEC Farm Fund was more than £300m., paid mainly on imports from the EEC and some third country supplies.

It has been claimed that the MCA's are subsidies from the EEC to the British consumer. It is true that any revaluation of the Green Pound would increase prices here proportionately by reducing the MCA's, but this would also reduce the subsidy paid to the exporter, and so affect the European farming industry directly.

For instance, Community butter, of which more than 300,000 tonnes is imported into the U.K., is presently subsidised by an MCA of £250 a tonne. Imports from third countries would bear a levy of £750 a tonne. Under Protocol 18 New Zealand butter attracts a levy of £150 a tonne.

But were Britain not in the Community this butter would presumably have to be sold at the world price, which is about £500 per tonne, as against the price being paid here of £1,000 per tonne.

British farmers complain that the MCA's paid on pig meat from Denmark and Holland enable processors in those countries to pay farmers about £7 a bacon pig more than those in Britain and in consequence the British share of the bacon and ham market is falling.

The NFU is pressing the Government either for a devaluation of the Green Pound so that this particular MCA could be cut, or to find some other way of removing this advantage.

Mr. John Silkin, the new Minister of Agriculture, will meet his EEC colleagues for the first time in Holland this week-end. The informal gathering of farm ministers is held periodically in the country of the current chairman of the Council of Ministers.

But a blanket devaluation would raise cereal feed prices and so raise all farm costs. In the case of pigmeat, however, it would not necessarily raise prices here, which is what farmers want. Consumer resistance to high prices has reduced the consumption of bacon by nearly 30 per cent. over the last few years and any further increase could accelerate this trend.

The Community's present surpluses of butter and skim milk powder are also mainly caused by over production in relation to market demands.

The intervention system shields farmers from the effects of their excess and the Council of Ministers refuses to implement any suggestion for disciplining production such as freezing prices or reducing them.

The only positive step, of putting a levy on soyabean meal and other protein imports, has harmed other branches of farming by raising their costs. The proposed tax on edible oils is another indication of the power of the European farm lobby COPA, the Association of Farm Organisations.

Other suggestions being made are that a special tax on sweetners made of maize should be imposed to help sugar beet growers: The Commission itself has proposed a regulation for beef which would keep out imports from third countries except at a time of acute starvation. Supporters of the CAP are apparently happy to contemplate a situation in which the consumers eat less and less at a higher prices and take no responsibility for the consequent surpluses.

So Mr. Silkin's task could well be something more fundamental than tinkering with the details of Green pounds and temporary expedients if he wishes to avoid an imminent food price explosion. It would mean challenging the philosophy of the CAP itself.

Many commentators, myself included, thought the CAP would founder because of its basic weaknesses. But it flounders on. I think it will do so for a long time yet—until some Government has enough guts to say enough is enough.

Mr. Peart and other spokesmen have often called for reform or renegotiation of the CAP but have been defeated by the other agricultural ministers and, it must be said, by the support given by Mr. Lardinois, a most effective commissioner, to the farming lobby.

Although probably in a minority in its dislike of the CAP, Britain could be in a favourable position to influence its development. Without the British market the CAP could collapse under the weight of its own surpluses.

Any businessman would love to be in as strong a bargaining stance when faced with a glutted market.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firm on the London Metal Exchange in active trading. Forward metal opened at £878 after the strong performance of Comex overnight and in the morning moved down to £874 ... opening, but fresh buying with physical interest from the Continent entered the market at around £878 and pushed prices to a day's high of £880. In late trading both Comex and London faced some liquidation and forward metal closed on the Kerb at £878. Turnover, 48,273 tonnes.

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated

[illegible]

U.S. Markets

NEW YORK, Sept. 23.

Cocoa—Ghana spot 128½ (same). Bahia spot 129½ (same). Dec. 110.50 (110.70), March 105.00 (105.65), May 101.00, July 97.00 nom., Sept. 93.80, Dec. 87.45. Sales: 1,345.

[illegible]

§Barley—Oct. 195 (189½ bid), Dec. 190½ (183½), May 94.50 asked.

dFlaxseed—Oct. 718½ bid (712½ bid), Nov. 725½ bid (719½ bid), Dec. 731½ bid, May 297.50 bid.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 370½ (384½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. ♦ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots.

Soluble coffee exports halted

SAO PAULO, Sept. 23.

THE BRAZILIAN Soluble Coffee Industries Association has suspended its authorisation for soluble export sales.

The suspension follows a decision to cancel a 14 per cent. tax credit on the circulation of goods tax on coffee purchases by the industries from the Brazilian Coffee Institute.

The ABICS, through which all soluble coffee export sales have to pass before being registered by the IBC, is studying the situation, but has not decided on any further action.

Reuter

COMPANY NOTICES

[illegible]

CLASSIFIED ADVERTISEMENT RATES

[illegible]

STOCK EXCHANGE REPORT

Equity markets turn dull but Gilt-edge keep firm

Share index down 3.6 at 348.2—Vickers disappoint

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sep. 6	Sep. 16	Sep. 17	Sep. 28
Sep. 20	Sep. 30	Oct. 1	Oct. 12
Oct. 4	Oct. 14	Oct. 15	Oct. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

An early reaction in sterling, which reflected fears that the seamen's pay agreement may open the way for a flood of similar claims under the social contract, coupled with the announcement of a £43m. rights issue from General Accident, 4 off at 150p, brought a halt to the recent good rally in equity markets yesterday.

British Funds, however, held up well after making a rather cautious start. Assisted by the absence of a tap stock, short-dated issues edged higher and closed with gains ranging to ⅛, while mediums and longs recorded the occasional rise of ¼. The Government Securities index hardened 0.09 more to 60.23 for a three-day rise of 0.62.

After opening a few pence lower, leading Industrials eased further on sporadic profit-taking, but selling soon dried up and a modest rally ensued. The recovery, however, was only half-hearted and the FT 30-share index, which touched its lowest of the day at noon with a fall of 4.6, closed 3.6 down on balance at 348.2. Vickers, down 9 at 148p, recorded an above-average fall on disappointment with the interim profits statement.

Elsewhere, company trading statements also provided the main source of interest. Sector-wise, Composite Insurance shares were unsettled by the General Accident rights issue: the FT-Actuaries index for the section fell 2.9 per cent. to 91.26 compared with a loss of only 0.8 per cent. to 143.75 in the FT-Actuaries All-Share index. Activity remained low as measured by official markings of 4,163 compared with 4,298 on Wednesday.

Gilts basically firm

A cautious opening in Gilt-edged was a reflection of the continued downturn in sterling, but sellers were not encouraged and the later appearance of small buyers saw not only the ground recovered but quotations also moving into higher ground at the short end of the market. The latter paid little heed to tight money conditions or the implications of the seamen's deal and closed with gains extending to ¼. The longs were more concerned with to-day's applications for the new £600m issue of "tap" stock, Treasury 14½ per cent., 1994, which could be substantial; some optimists were even forecasting a sell-out. Corporations, once again, followed the main funds with gains ranging to ¼.

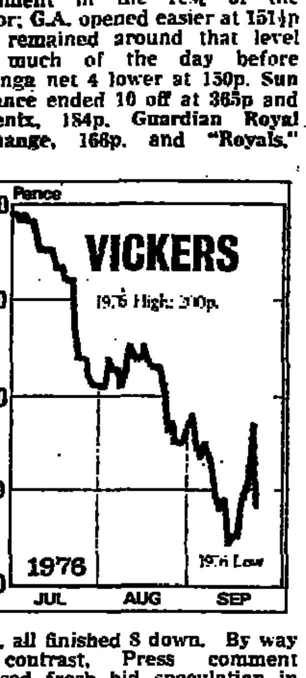
Mounting optimism about a constitutional settlement brought further sharp rises among Southern Rhodesian bonds and the 2½ per cent., 1965-70, issue jumped 0 points more to £49. Other stocks were often 7 points or so higher.

Renewed institutional demand, encouraged still by the investment opportunities in U.S. securities, found supplies of investment currency rather limited again and in thin trading conditions the premium continued higher to 120¾ per cent., a rise of 2¾ points on the day. Yesterday's SE conversion factor was 0.6873 (0.6960).

Among Recent Equities, American Medical International followed Wednesday's rise of 35 with a fresh gain of 15 at 945p.

Gen. Accident rights

Early morning news that General Acident had at last fallen into line with the other major Composites in announcing a rights issue to raise £43.6m. upset the latter's share price and clouded sentiment in the rest of the sector; G.A. opened easier at 151½p and remained around that level for much of the day before closinga net 4 lower at 150p. Sun Alliance ended 10 off at 365p and Phoenix, 184p, Guardian Royal Exchange, 166p, and "Royals," 274p, all finished 8 down. By way of contrast, Press comment aroused fresh bid speculation in Leslie and Godwin which improved steadily to end 8 up at 110p. C. T. Bowring were 1 better at 71p on the first-half figures.



Home Banks reflected the general market sentiment. Barclays shed 8 to 245p and National Westminster 7 to 215p, while Lloyds and Midland were both 6 cheaper at 197p and 247p respectively. A firm market of late on Rhodesian settlement hopes, Standard Chartered met profit-taking and dipped 5 at 338p. Discounts were firmer for choice, with Cater Ryder 10 dearer at 215p and Union 7 to the good at 290p.

Breweries and kindred trades drifted gently lower during the course of a small turnover. Bass Charrington eased 2 to 94p as did Distillers to 120p.

Trading statements left Ibstock Johnsen and Travis and Arnold both 2 up at 82p and 84p respectively in Buildings where Press comment on the first-half profits performance left Tilbury Contracting a similar amount better at 204p.

ICI drifted down 3 to 320p in quiet trading, while Fisons lost 5 to 292p ahead of next Monday's interim results. Scottish Agricultural touched 196p on the interim profits setback and reduced dividend, but rallied to close unaltered on the day at 203p.

Better-than-expected preliminary profits helped HTV feature Television concerns with a gain of 4 to 47p, after 49p.

Owen Owen weaken

Store leaders softened a little with Gussies "A," 172p, losing 3 of the previous two-day gain of 8. Marks and Spencer, 91p, and House of Fraser, 60p, shed 2 apiece. Elsewhere, Owen Owen sustained a fall of 6 at 42p, upset by the first-half loss. W. H. Smith "A," 322p, were also 6 lower. Wharf Mill were 2 easier at 30p; the price in yesterday's issue was incorrect. Closing on a firmer note were Home Charm, which picked up 3 to 55p. The interim report left K. O. Boardman unmoved at 7½p. Little-changed Shoes had Ward White a penny easier at 23p following Wednesday's rise of 4 on the half-time results.

A modest reaction in quiet trading occurred in the Electrical leaders. BICC, after the recent advance on the half-year results, came back 4 more to 98p. There was little worthy of note among second-line issues. Pifco were 3 cheaper at 45p and the "A" a penny easier at 43p, while Audio Fidelity shed 2 to 26p, but Lec Refrigeration hardened 2 to 51p.

Recent buyers of Vickers quickly showed dissatisfaction with the interim profits (below most market expectations) and warning about second-half prospects; the price was lowered, after having been higher initially at 163p, and following a fair amount of selling closed a net 9 down at 148p. Other Engineering leaders were dull, with Hawker 6 cheaper at 370p and GKN 4 off at 278p. Against the trend, John Brown hardened to 97p finally, being helped by the £35m. contract for the Dubai smelter. Impressive first-half results failed to sustain Delta Metals, 1½ easier at 54p, while lower interim figures took Spear and Jackson down 4 to 66p. Anglo-Swiss fell 6 to 18p on the depressing half-yearly effort and Ransomes Sims eased 2 to 105p after its half-yearly report. Elsewhere, Weyburn lost 10 to 304p, but Pegler-Hattersley picked up 4 to 140p.

Fresh buying of Tate and Lyle, which yesterday gained control of Manbre and Garton, left the shares 5 higher at 235p, after 238p: Manbre and Garton eased 2 to 198p. Also a feature in Foods was Rowntree Mackintosh which, on better-than-expected interim profits and the optimistic forecast for the rest of the year, rose 4 to 194p, after 196p. Associated Fisheries, a firm market recently, made little reply to the forecast of a return to profitability this year.

Turner and Newall rise

Miscellaneous Industrial leaders retreated in slack trading, although Turner and Newall, on mounting hopes of a Rhodesian settlement, closed 4 higher at 151p after initially easing to 145p. Glaxo, which has preliminary results due shortly, relinquished 8 at 335p, while Rank Organisation, up 11 over the past two days with the help of Wall Street, came back 5 to 146p. The Australian Broken Hill Proprietary remained a good market, closing 20 higher at 805p, with the new nil-paid adding 15 at 385p premium, while the South African Barlow Rand, on the Rhodesian situation, improved 7 more to 172p. Elsewhere, AAH, with the help of investment comment, put on 4 to 144p, while Cape Industries (interim figures expected October 5) rose 4 more to 120p. Increased interim profits left Friedland Doggart 2 firmer at 62p and Bury and Masco similarly harder at 48p. A. Arenson, 22p, and Eastern Produce, 21p, improved about 3 apiece, while Tozer Kemsley gained 4 at 52p. In contrast, James Warren lost 5 to 60p, while Newey Group, still unsettled by the half-year loss, eased another 2 to a low for the year of 48p.

Quiet and easier conditions prevailed in Motors, with Lucas 3 lower at 185p and Dunlop a penny off at 75p. Distributors, however, tended marginally better where changed.

News items aided one or two Newspapers. Pearson Longman rose 3 to 106p, after 107p, on the better first-half achievement, while Home Counties hardened to 36p following a similar effort. Speculative interest continued in Morgan Grampian, which closed 5 dearer at a fresh high for the year of 101p. Only Dolan Packaging were worthy of note in Paper/Printings; reflecting the record second-half results, they rose 3 to 37p.

Burmah late flurry

Burmah's new conditional financial arrangements with the Government touched off a flurry of interest which took the price up from 32p to 37p for a net gain of 3. British Petroleum, subject to U.S. influences, closed a further 5 higher at 620p, after 623p, but Shell remained at 400p. Investment dollar and overseas trends carried Royal Dutch up ⅞ to £40⅞ and helped Woodside-Burmah rise 4 more to 128p. Elsewhere, LASMO/SCOT issues picked up 3 to 238p and Ultramar hardened 2 to 116p. Siebens (U.K.) recovered 10 further to 120p.

The recent modest support for the Property leaders was lacking yesterday and prices closed with little alteration. MEPC finished 2 softer at 60p. Second-line issues closed on a mixed note. The chairman's statement with the full report helped McKay Securities to improve 3 to 73p, while Land and House closed similarly firmer at 68p in response to the £3.2m. sale of office properties. Bernard Sunley saw some fresh speculative interest and closed 2 firmer at 110p, after 112p. The preliminary statement left Centrovincial Estates a penny harder at 29½p and the Capital 1½ better at 29p, while Brixton Estate, still on the first-half report, gained another penny at 66p. Nolton Estates, however, receded 3 to 42p and the new nil-paid 2¼ to 12½p premium.

The continued weakness of sterling aided sentiment in Overseas Traders, where fresh demand raised Gill and Duffus 6 to 162p. After the previous day's advance of 11 on the encouraging first-half statement, Booker McConnell closed 3 firmer at 117p. James Finlay ended 4 higher at 132p, while gains of 3 were recorded in Mitchell Cotts, 42½p, and Sime Darby, 131p.

Although the seamen's strike has been averted, Shippings failed to capitalise on the news and experienced a disappointing session yesterday. The continuing absence of any bid news from Ben Line Steamers upset Sheaf Steam which ran into selling and touched 104p before closing 4 down on the day at 107p. Furness Withy, at 173p, gave up half of the previous evening's speculative gain of 6, while P & O Deferred were a shade lower at 109p, after 108p.

Smaller sellers gained the upper hand in Investments Trusts and the closing trend was no better than mixed. Estate Duties were 2 off at 208p and similar losses were seen in British Investment, 111p, St. Andrew, 81p and Scottish Eastern, 93p.

Up 25 on Tuesday following the good results, John Haggas met with profit-taking and shed 5 to 300p in irregular Textiles. Courtaulds lost the turn to 112p, after 111p.

BATSs Deferred figured prominently in the active stockqs list and closed 2 lower at 213p, while the Ordinary were unaltered at 265p.

Still spurred by hopes of a Rhodesian settlement, South African Industrials made fresh headway.

Plantations had a firm feature in Consolidated which rose 3½ to a 1976 peak of 73p on the satisfactory preliminary results.

Golds easier

Continued talk that South Africa intends to sell between one and three tons of gold to take advantage of the recent improvement in the bullion price had a restraining effect on the metal price, which closed at $118.25 per ounce a day's gain of 25 cents.

News of further outbreaks of civil unrest in the Cape caused a downturn in share prices which had initially edged forward reflecting the rise in the investment currency premium. Falls of 20 were recorded by Buffels, 800p, Harmony, 250p, and President Steyn, 530p. The Gold Mines index lost 2.5 to 119.2.

Financials, however, generally improved. The overseas-based issues moved ahead on premium considerations. Rises of ¼ were registered by both GFSA, 9⅛, and Johnnies, £15¼, while in front of the half-year results, Anglo American hardened 3 to 248p. Patino NV advanced £2¾ to a year's high of £14 owing to Canadian influences. Rhodesians continued to attract buyers on hopes of a settlement to the political problems. Coronation were 6 up at 90p.

The London-based stocks were mixed. Rio Tinto-Zinc put on 2 to 180p reflecting mild satisfaction with the sharply higher half-time results.

Coppers generally improved. In firm Tins, the increased final dividend prompted a considerable demand for Southern Kinta, which jumped 17 to 87p. Southern Malayan gained 8 to 158p.

The better trend in overnight home markets and the higher premium enabled Australians to move ahead here. Hamersley advanced 15 to 225p on consideration of the latest contract with the Japanese. Mount Lyell, however, dropped 6 to 60p following the chairman's grave remarks at the company's meeting in Sydney.

FINANCIAL TIMES STOCK INDICES

—	Sept. 23	Sept. 22	Sept. 21	Sept. 20	Sept. 17	Sept. 16	A Year ago
Government Secs.	60.23	60.14	59.87	59.61	59.63	59.87	60.85
Fixed Interest	59.98	59.69	59.44	59.35	59.56	59.61	60.98
Industrial Ordinary	348.2	351.8	345.8	339.7	334.8	335.5	340.6
Gold Mines	119.2	121.7	122.4	111.8	114.5	111.4	251.7
Ord. Div. Yield	6.49	6.42	6.52	6.62	6.72	6.66	6.10
Earnings Y'ld%(full)(a)	19.10	18.91	19.21	19.51	19.80	19.71	16.72
P/E Ratio (net) (a) (b)	7.75	7.81	7.69	7.57	7.48	7.49	8.46
Dealings marked	4,163	4,298	4,403	4,118	4,227	4,001	5,306
Equity turnover £m	—	85.46	57.81	33.61	46.83	46.57	63.08
Equity bargains total	—	12,005	11,309	9,586	10,759	10,550	14,579

10 a.m. 349.0. 11 a.m. 347.8. Noon 347.2. 1 p.m. 348.3. 2 p.m. 347.7. 3 p.m. 347.7.

Latest Index 01-248 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.67.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	59.61 (20/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (2/2)	59.33 (20/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/3)	334.5 (17/9)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/8)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Sept. 23	Sept. 22
Daily—		
Gilt-Edged	149.9	155.7
Industrials	150.1	139.5
Speculative	46.1	42.8
Totals	94.8	97.8
5-day Av'r'ge.		
Gilt-Edged	156.9	153.1
Industrials	133.8	134.4
Speculative	45.5	44.4
Totals	96.5	96.8

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity Groups	Thursday, September 23, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. Sept. 22 Index No.	Tuesday Sept. 21 Index No.	Mon. Sept. 20 Index No.	Friday Sept. 17 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	129.90	−0.7	19.84	7.13	7.48	7.51	130.80	129.42	126.15	125.59	125.58	160.06 (21/4)	125.22 (16/9)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	119.16	+0.1	18.56	7.93	8.14	8.14	119.05	117.57	114.10	113.49	122.50	150.18 (15/1)	112.47 (16/9)	253.84 (2/6/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	177.43	+0.1	23.27	6.25	6.57	6.57	177.18	173.34	169.52	167.80	252.74	260.20 (15/1)	166.88 (16/9)	389.55 (19/6/72)	71.48 (2/12/74)
4	Electricals (16)	238.08	−1.3	18.74	5.59	7.74	7.96	241.22	239.51	231.15	228.35	218.73	287.30 (31/4)	226.92 (15/9)	360.04 (4/5/72)	85.71 (25/6/62)
5	Engineering (Heavy) (13)	156.78	−0.4	29.36	7.94	4.99	4.92	157.45	156.54	151.52	151.42	152.86	193.18 (3/6)	150.01 (25/8)	202.57 (6/8/75)	94.43 (1/2/75)
6	Engineering (General) (64)	118.94	−1.0	20.27	7.68	7.50	7.50	120.14	119.13	116.97	117.00	107.77	149.29 (5/5)	116.90 (16/9)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	51.28	−0.6	17.98	8.66	7.95	7.94	51.59	51.09	50.77	51.21	41.03	60.62 (5/5)	50.77 (20/9)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	115.49	−0.5	17.11	7.66	8.82	8.57	116.05	114.15	112.11	112.28	104.37	141.94 (11/5)	112.11 (20/9)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	109.79	−0.7	20.83	6.52	7.20	7.18	110.54	108.34	105.51	106.17	102.67	141.46 (21/4)	105.51 (20/9)	227.78 (21/4/72)	36.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	118.97	−1.2	20.17	4.90	7.31	7.29	120.41	116.99	113.11	113.94	125.06	160.35 (7/4)	113.04 (16/9)	257.41 (18/6/72)	42.55 (12/12/75)
11	Household Goods (13)	138.31	+0.3	21.29	8.64	7.16	7.15	137.95	137.03	136.08	136.94	150.05	187.28 (7/4)	135.08 (20/9)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	71.14	−0.3	21.60	7.56	7.07	7.04	71.32	70.46	69.02	69.35	61.25	85.16 (3/5)	69.02 (20/9)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (169)	132.19	−0.8	16.69	7.29	9.06	8.97	133.19	130.99	128.19	127.97	143.84	162.24 (4/2)	127.55 (16/9)	226.08 (16/5/72)	61.41 (13/12/74)
14	Breweries (15)	148.28	−1.2	15.96	7.67	9.38	9.38	150.09	148.21	144.84	144.22	166.40	179.43 (2/2)	143.46 (16/9)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	148.78	−1.1	15.91	7.36	9.65	9.65	150.41	149.86	146.06	146.61	145.49	190.67 (5/6)	144.44 (25/8)	257.40 (13/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	160.77	−0.9	15.52	8.30	9.94	9.86	162.15	159.37	155.55	153.98	164.65	211.26 (8/5)	153.10 (16/9)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (23)	146.09	−0.3	18.75	6.33	8.10	8.05	146.59	143.46	140.04	138.89	166.07	179.44 (11/5)	138.12 (16/9)	211.65 (1/5/72)	59.79 (11/12/74)
18	Food Retailing (16)	119.01	−0.9	15.44	6.57	9.47	9.47	120.11	117.67	115.75	114.75	148.73	160.08 (12/1)	113.62 (16/9)	235.08 (16/8/72)	54.55 (11/12/74)
19	Newspapers, Publishing (16)	168.19	—	14.11	6.19	10.75	10.75	168.19	167.41	164.57	166.05	138.27	184.34 (11/3)	157.01 (2/6)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (12)	91.29	−0.9	16.41	8.57	9.37	9.37	92.12	91.32	88.62	88.69	94.46	112.50 (28/2)	88.62 (20/9)	155.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	106.60	−0.9	14.30	6.56	10.75	10.74	107.53	105.42	103.77	103.72	126.94	136.24 (2/2)	103.72 (17/3)	204.59 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	129.62	−0.5	13.98	8.87	10.83	9.58	130.32	128.83	125.98	125.86	146.25	183.19 (30/1)	125.86 (17/9)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	205.07	−0.7	21.37	8.42	6.96	6.96	206.59	203.13	198.03	199.49	197.77	241.89 (3/5)	197.02 (13/9)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	68.46	—	22.03	8.74	6.08	6.06	68.46	67.43	66.38	67.21	60.09	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	188.73	−1.0	16.25	6.05	8.38	8.38	190.69	188.43	184.96	183.37	181.06	231.38 (3/5)	182.84 (16/9)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	80.75	−2.5	14.90	6.52	9.80	9.80	82.78	79.99	78.64	78.63	80.21	100.18 (19/5)	77.70 (16/9)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	368.26	−0.4	13.40	7.11	10.62	9.60	369.87	364.45	364.18	365.41	369.85	432.64 (30/1)	355.52 (19/3)	517.00 (3/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	138.91	−0.7	16.56	8.45	9.07	9.06	139.87	138.33	134.77	134.85	146.44	172.98 (21/4)	134.16 (16/9)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	136.01	−0.8	17.48	7.08	8.45	8.41	137.11	135.12	132.16	131.82	139.56	165.38 (3/5)	131.35 (16/9)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	351.45	+0.4	12.12	4.99	9.56	8.79	350.03	344.51	341.05	338.31	314.79	395.84 (30/6)	324.25 (14/9)	431.66 (29/5/69)	87.23 (29/6/62)
31	500 SHARE INDEX	153.53	−0.6	16.57	6.73	8.62	8.47	154.45	152.18	149.15	148.62	154.12	183.00 (5/6)	147.61 (16/9)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	115.35	−1.7	—	6.81	—	—	117.32	115.33	112.57	110.99	138.42	158.46 (30/1)	110.71 (15/9)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	141.30	−2.7	23.94	6.50	6.43	6.45	145.18	143.02	138.74	134.95	160.80	192.16 (29/1)	134.87 (16/9)	288.32 (3/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	137.40	+1.4	—	10.07	—	—	135.53	135.53	130.08	129.87	153.18	186.52 (15/1)	129.87 (17/9)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	81.09	−0.4	8.92	8.08	24.96	24.95	81.39	80.62	80.74	81.69	96.07	152.10 (26/2)	80.62 (21/9)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (10)	97.37	−0.6	—	7.71	—	—	97.85	96.24	93.46	92.48	115.40	129.46 (5/1)	90.22 (17/9)	194.46 (15/8/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	91.26	−2.9	—	7.98	—	—	94.00	92.91	90.94	89.80	110.21	119.75 (30/1)	89.65 (16/9)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	226.14	+1.4	11.95	5.16	12.51	12.51	222.98	218.46	211.96	207.56	204.98	276.90 (11/5)	206.30 (16/9)	276.90 (11/5/76)	65.86 (16/12/74)
39	Merchant Banks (15)	58.90	−0.7	—	9.44	—	—	59.30	57.68	57.55	57.93	88.78	95.83 (27/1)	57.55 (20/9)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	143.23	−0.6	4.24	5.86	42.70	40.60	144.13	139.91	137.56	137.25	173.91	194.57 (30/1)	136.33 (15/9)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	71.34	+0.1	19.71	11.67	7.66	7.66	71.50	70.59	68.10	69.18	69.40	91.98 (4/2)	68.10 (20/9)	305.13 (1/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	140.61	−0.2	3.81	5.40	27.12	27.12	140.81	138.73	137.28	137.05	164.17	184.55 (30/1)	136.94 (16/9)	246.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	143.75	−0.8	—	6.67	—	—	144.85	142.67	139.80	139.06	149.74	172.64 (30/1)	138.27 (16/9)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	473.56	−0.4	9.79	5.92	14.96	15.69	475.43	470.18	470.25	474.99	384.46	525.40 (7/5)	404.67 (14/1)	555.37 (23/7/75)	84.68 (20/5/65)
45	Teas (9)	132.98	+0.1	30.45	9.57	4.36	4.24	132.86	131.46	131.13	131.13	104.30	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	194.47	+1.5	33.31	5.76	3.00	3.00	191.64	190.23	185.99	181.42	263.06	301.47 (7/1)	177.60 (9/8)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	89.99	+1.7	11.59	5.57	9.71	9.64	88.52	85.91	84.52	83.82	104.09	119.77 (7/1)	83.82 (17/9)	175.90 (25/4/69)	66.31 (30/9/74)
48	Tins (7)	108.04	+1.3	14.82	9.29	10.36	10.31	106.62	102.05	102.36	103.06	94.53	119.14 (20/7)	86.09 (9/2)	125.45 (12/1/73)	54.85 (27/6/71)
49	Overseas Traders (13)	214.07	−0.8	16.33	6.17	8.22	8.21	212.43	208.10	203.38	201.85	212.46	254.47 (3/5)	200.20 (31/8)	254.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Thurs., Sept. 23 Index No.	Yield %	Wed., Sept. 22	Tuesday, Sept. 21	Monday, Sept. 20	Friday, Sept. 17	Thurs., Sept. 16	Wed., Sept. 15	Tuesday, Sept. 14	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.64	14.64	14.63	14.73	14.71	14.60	14.59	14.48	14.23	—	—	—	—
2	20-yr Govt. Stocks (6)	46.29	14.00	46.51	46.04	45.76	45.77	46.04	46.29	46.65	50.25	55.45 (30/1)	45.75 (20/9)	115.42 (11/9/65)	50.27 (6/1/75)
3	20-yr. Red. Deb. & Loans (15)	47.68	13.46	47.58	47.49	47.36	46.29	46.46	46.58	46.65	48.39	52.40 (21/5)	46.29 (17/9)	113.43 (25/10/65)	37.01 (6/1/75)
4	Investment Trust Prefs. (15)	47.05	14.71	47.14	47.14	47.14	47.19	47.14	47.19	47.33	45.65	51.23	46.43	114.41	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	64.58	14.73	64.55	64.55	64.69	64.97	64.95	65.40	67.23	65.53	71.97	62.76	114.95	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31.12.74	100.00
Engineering (Heavy)	31.12.71	153.84
Engineering (General)	31.12.71	153.84
Wines and Spirits	16.1.70	144.76
Toys and Games	16.1.70	135.72
Office Equipment	16.1.70	162.74
Industrial Group	31.12.70	128.20
Miscellaneous Financial	31.12.70	128.06
Food Manufacturing	29.12.67	114.13
Food Retailing	29.12.67	114.13
Insurance Brokers	29.12.67	[illegible]
Mining Finance	29.12.67	100.00
All Other	10.4.62	100.00

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

CONSTITUENT CHANGES: Anglo-Continental Inv. and Finance (Misc. Financial) has been replaced by Hambro Life Assurance (Insurance Life). Dawnay Day Group has been reclassified from Merchant Banks to Misc. Financial.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Bats Defd.	25p	15	213	−2	225	193
ICI	£1	11	320	−3	402	312
Marks & Spencer	25p	9	91	−2	108	88
Tate & Lyle	£1	9	235	+5	295	214
Barclays Bank	£1	8	245	−8	350	230
Distillers	50p	8	120	−2	158	116
GEC	25p	8	138	−1	168	128
Beecham	25p	7	330	−4	390	314
BP	£1	7	620	+5	685	557
Lloyds Bank	£1	7	197	−6	266	185
RTZ	25p	7	180	+2	239	153
Slater Walker Secs.	25p	7	9½	—	31	8
Delta Metal	25p	6	54	−1½	72½	51½
Eagle Star	25p	6	106	−3	144	102
European Ferries	25p	6	51	−1½	80	50

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 1	Sep. 13	Nov. 25	Dec. 7
Sep. 14	Sep. 27	Dec. 9	Dec. 21
Sep. 28	Oct. 11	Dec. 30	Jan. 4

Calls were arranged in Lonrho, Rio Tinto-Zinc, Berry Wiggins, Burmah Oil, Charterhall, Consolidated Gold Fields and EMI. Puts were reported in Ladbroke, Vickers, Lucas, Racal Electronics and Cavenham, while double options were transacted in Vickers and Racal Electronics.

Industrials		E.M.I.	17	Midland Bank	22	Cap. Counties	5
A. Brew	6½	Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A. P. Cement	15	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
Assoc Leisure	5	Gen. Electric	13	P&O Dfd.	11	Land Securities	14
BSR	9	Glaxo	35	Plessey	7	MEPC	7
Babcocks	8	Grand Met.	7	R.H.M.	5	Peachey	6
Barclays Bank	22	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props	4½
Berry Wiggins	5	Guardian	18	Reed Int'l	25	Town & City	2½
Beecham	28	G.K.N.	25	Reyrolle	11		
Boots Drug	12	Hawker Sidd.	35	Rothmans	4	Oils	
Bowaters	16	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
B.A.T.	21	I.C.I.	20	Spillers	4	Burmah Oil	4½
British Leyland	5	"Imps"	7	Tesco	4	Shell	27
BOC In.	5½	I.C.L.	14	Thorn 'A'	22	Ultramar	14
Brown (J.)	9	Inveresk	7	Trust Houses	9		
Burton 'A'	6½	Legal & General	12	Tube Invest.	27	Mines	
Cadbury	5	Ladbroke	11	Unilever	58	Charter Cons.	15
Cavenham	10	Lex Service	5½	Utd. Drapery	8	Chart'rh'll Fin.	4
Courtaulds	11	Lloyds Bank	22	Vickers	15	Cons Gold	15
Debenhams	8	"Lots"	4	Williams Hud'n	4	Hampton Areas	12
Distillers	13	London Brick	4½	Woolworths	6	Lonrho	19
Dunlop	7½	Lucas Inds.	20			Rio T. Zinc	18
Eagle Star	11	"Mams"	7	Property		Western M.ng.	7
		Markal Sp'ncer	8	Brit. Land	3½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (35)

CORPORATION LOANS (1)
L'pool 9¼pc 80-82

COMMONWEALTH AND AFRICAN LOANS (1)
S. Rhod. 2½pc 65-70

FOREIGN BONDS (1)
Japan 4pc '10Ass.

AMERICANS (16)
Baker Intnl. Con., Barnes, CBS, Chrysler, City Inv., Do. Cum. Pf., Eaton Cpn., Exxon, Gen. Elec., IBM Cpn., Kaiser Alum., Norton Simon, Richardson-Merrell, Shell Oil, Transamerica, Xerox Cpn.

CANADIANS (5)
Bk. Montreal, Bk. Nova Scotia, Bell Canada, Inland Natl. Gas, Toronto-Dom. Bk.

BUILDINGS (1)
Francis (G. R.)

DRAPERY AND STORES (1)
Lee Cooper

HOTELS (1)
De Vere Hotels

INSURANCE (1)
Travelers

NEWSPAPERS (1)
Morgan Grampian

TRUSTS (1)
U.S. Tst. Fund

OILS (2)
LASMO "OPS", SCOT "OPS"

RUBBERS (1)
Cons. Plants.

TEAS (1)
Brit. Indian

MINES (1)
Patino N.-vtg.

NEW LOWS (24)

BANKS (1)
Hill Samuel

BUILDINGS (3)
Parker Timber, Pochins, Roberts Adlard

CHEMICALS (2)
Alida Packaging, Scot. Ag. Ind.

DRAPERY AND STORES (2)
House Fraser, Owen Owen

ELECTRICALS (2)
Pifco Hldgs., Pifco 'A'

ENGINEERING (6)
Anglo-Swiss, Central Wagon, Clarke Chapman, Descutor, Priest (Ben.), Spear and Jackson

INDUSTRIALS (2)
Bath and Portland, BB and EA

INSURANCE (2)
Ennia U.K., SecCnv. Trade Indemnity

PROPERTY (1)
Nolton Ests.

TRUSTS (1)
Archimedes Cap.

OILS (1)
Century

MINES (1)
Sabina Inds.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	29	1	26
Corpns. Dom. and Foreign Bonds	23	1	39
Industrials	254	262	1,189
Financial and Prop.	93	98	375
Oils	12	5	18
Plantation	6	1	34
Mines	40	26	76
Recent Issues	13	5	39
Totals	470	400	1,776

BASE LENDING RATES

Allied Irish Banks Ltd.	12 %
American Express Bank	12 %
Anglo-Portuguese Bank	12 %
Henry Ansbacher	12½%
Banco de Bilbao	12 %
Bank of Cyprus	12½%
Bank of N.S.W.	12 %
Banque du Rhone S.A.	12½%
Barclays Bank	12 %
Barnett Christie Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12½%
Canada Permanent AFI	12 %
Capitol C & C Fin. Ltd.	13 %
Cayzer, Bowater Co. Ltd.	12 %
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
C. E. Coates	13 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Securities	12 %
Credit Lyonnais	12 %
G. R. Dawes	13 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12½%
First London Secs.	12 %
■ Antony Gibbs	12 %
Goode Durrant Trust	11 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bank of Scot.	10½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London & European	12½%
London Mercantile	12½%
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Northern Comm. Trust	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12 %
Rossminster Accept'cs	12 %
Schlesinger Limited	12 %
E. S. Schwab	13½%
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Development Bk.	12 %
Twentieth Century Bk.	13½%
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8½%, 1-month deposits 8¾%.
† 7-day deposits on sums of £10,000 and under 8½%, up to £25,000 9%, and over £25,000 9½%.
§ Demand deposits 8¼%.
‡ Call deposits over £1,000 8½%.

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 13 per cent. (since September 10, 1976)

Day-to-day credit was again in short supply in the London money market yesterday, and the authorities gave assistance by buying an exceptionally large amount of Treasury bills and local authority bills. The market was faced with run down bank balances and a substantial excess of revenue transfers to the Exchequer over Government disbursements. There was also the settlement of very large sales of gilt-edged stock. The small net repayment of Treasury bills and a fall in the note circulation set against these, left a huge shortage, and discount houses were paying up to 12¾ per cent. for secured call loans. However, later in the day rates fell away to close between 11½ per cent. and 12 per cent.

In the interbank market, overnight loans opened at 12½-12¾ per cent. and stayed there for most of the day. In the afternoon rates briefly touched 13-13½ per cent. before easing off at the close to 9-10 per cent. Short-term fixed period interest rates were generally easier.

Rates in the table below are nominal in some cases.

Sept. 23 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	9-13¼	—	—	—	12¼-12¾	10½-12⅞	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	12¾-13	12⅞-13	—	13⅛-13¼	—	12½	—	—	—
One month	12⅝-12⅝	12¾-12⅞	12⅞	13 12	13¼-13⅛	—	12⅝	[illegible]	12⅞	13¼-13
Two months	12⅝-12⅝	[illegible]	—	13 12	13⅛	—	12⅝	[illegible]	12⅞	13¼-12⅞
Three months	12⅝-12⅞	12½-12¾	12⅞	13 12	12⅞-13⅛	—	12¼	[illegible]	12¾	13¼-12⅞
Six months	12⅝-12⅞	12⅝-12¾	12¾-12⅞	12⅞-12	12⅞-13⅛	—	—	—	12¼-12⅝	13¼-12⅝
Nine months	12⅝-12⅝	12¾-12⅞	—	12⅞-12	13-13⅛	—	—	—	—	—
One year	12⅝-12⅝	12⅝-12⅞	12⅞-13	12⅞-12	13-13⅛	—	—	—	—	—
Two years	—	—	13½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Long-term local authorities mortgage rate nominally three years 13¼-13½ per cent.; four years 13¾-14 per cent.; five years 14-14¼ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝-12⅞ per cent.; four-month trade bills 13¼-13⅜ per cent. Approximate selling rate for one-month Treasury bills 12⅝ per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills 13¼-13½ per cent.; two-month 13¼-13½ per cent.; also three-months 13¼-13½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from August 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 8½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

CORAL INDEX

Close 348-351

INSURANCE BASE RATES

† Atlantic Assurance	12 %
Cannon Assurance	10 %

† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

[illegible]

REGIONAL MARKETS

[illegible]

Croft	21	N'thn. Goldsmith	26	Concrete Prods.	42		
Bessel £1	250	P.M.A.	30	Heiton (Hldgs.)	24		
(R.A.)	17	Pearce (C. H.)	65	Ind. News	38		
McHdy	65	Peel Mills	12	Ins. Corp.	154		
Fr'k 10p	22	RobbCaledonia	56	Irish Distillers	46		
	11	Sayers 12½p	16	Irish Ropes	98		
Forge	54	Sheffield Brick	82	Jacob	55		
Ptg. 5p	16	Sheff. Refrsimt.	135	Sunbeam	12		
Ship. £1	250	Shiloh Spinn	23	T.M.G.	80	+1	
Sleigh 10p	7	Sindall (Wm.)	50	Unidare	48		

FOOD PRICE MOVEMENTS

	Sept. 23	Week ago	Month ago
	£	£	£
BACON			
Danish A.1 per ton†	990	960	960
British A.1 per ton†	955	985	920
Irish Special per ton†	950	920	920
Ulster A.1 per ton§	950	920	920
BUTTER (packet)			
NZ per 20 lbs†	9.24- 9.39	9.24- 9.39	9.24- 9.39
English per cwt†	56.00	56.00	53.90
Danish salted per cwt†	56.40-58.93	56.40-58.93	54.82-55.83
CHEESE¶			
English cheddar rindless per tonne	950.79	950.79	950.79
NZ per tonne	896.50	896.50	872.50
EGGS*			
Home-prod. Standard	3.30- 3.60	3.40- 3.70	3.85- 4.00
Large	3.80- 4.00	3.90- 4.10	3.90- 4.10

	Sept. 23 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex KKCF)	45.0—48.0	45.0—48.0	42.5—45.5
Eire forequarters	34.0—36.0	36.0—37.0	30.0—32.0
LAMB			
English	40.0—44.0	40.0—43.0	36.0—40.0
NZ PLs-PMs	41.0—44.0	38.0—43.5	35.0—41.5
PORK (all weights)	29.0—38.0	29.0—37.0	27.0—36.0
MUTTON			
English ewes	18.0—24.0	—	15.0—18.0
POULTRY			
Broiler chickens	29.5—32.0	29.5—32.0	29.5—32.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery September 25-October 2.

COMPANY NOTICES

A.T. International Finance Limited
0,000,000 French Francs 7½%
Guaranteed Bonds 1987

At the request of the Trustee, we hereby give notice that the nominal amount of FF 3,000,000 has been purchased on the market for redemption due November 15, 1976.

The Principal Paying Agent:
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg, September 24, 1976

REPUBLIC OF SOUTH AFRICA
% 1970/1982 UA 20,000,000 Loan

NOTICE IS HEREBY GIVEN to bondholders of the above Bonds that the amount redeemable on December 30, 1976 i.e. 1,000,000 was bought in the market.

Amount outstanding: UA15,300,000.

Outstanding drawn Bonds: 8123 to 8126 incl.

THE FISCAL AGENT,
KREDIETBANK
S. A. Luxembourgeoise,

Luxembourg,
September 24, 1976.

HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the 4½% Redeemable Cumulative Preference Shares of the Company will be closed from 1 to October 1976, both dates inclusive.

J. A. ROSS,
Company Secretary.

[illegible]
September 1976.

HEPWORTH CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books for the 11% Convertible Unsecured Loan Stock 1976, of the above named Company will be finally closed from 16th October to 31st October, 1976, inclusive for the preparation of Interest Warrants and Capital repayment.

[illegible], Secretary.

[illegible]
Sheffield, S10 [illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
101⅛	99⅝	Treasury 10½pc 1976‡‡	99⅞	+1/32	10.56	12.65
98⅞	95⅛	Treasury 6¼pc 1977‡‡	97⅞xd	......	6.41	12.19
97¼	94½	Electric 3pc 74-77	96⅝xd	......	3.10	10.54
103⅛	92⅞	Treasury 11½pc '77‡‡	99⅞xd	+⅛	11.55	11.95
95⅛	91⅞	Treasury 3pc '77‡‡	93⅝	+⅛	3.20	8.96
95⅝	92¼	Transport 4pc '72-77	93⅞	......	4.26	9.31
99¾	90½	Treasury 9pc 1978‡‡	96⅜	+⅛	9.34	11.77
101½	97	Treasury 10½pc '78‡‡	97⅞	+⅛	10.75	11.91
93¼	89⅝	Exchequer 5pc '76-78‡‡	92¾xd	+¼	5.39	9.04
103⅞	97⅞	Treasury 11¼pc '79‡‡	98¼	+¼	11.65	12.11
88⅞	83⅝	Treasury 3pc '79‡‡	86½xd	+⅛	3.47	8.25
89⅝	73⅞	Electric 4¼pc '74-79	86⅝xd	+⅛	4.91	9.47
100⅞	94½	Treasury 10¼pc '79‡‡	95⅛	+⅛	11.04	12.40
88¼	83⅝	Electric 3½pc '76-79	85⅞	+⅛	4.10	8.93
96⅞	90⅝	Treasury 9pc 1980‡‡	91⅞	+⅛	9.85	12.14
96½	90⅞	Treasury 9½pc '80‡‡	91⅞	+⅛	10.40	12.50
86	82¼	Treasury 3½pc '77-80	83⅞	+⅛	4.18	8.67
89½	71	Funding 5¼pc '78-80‡‡	85½	+⅛	6.14	10.00
103⅞	96⅞	Treasury 11½pc 1981‡‡	96⅞	–⅛	11.90	12.58
86	79	Treasury 3½pc 1979-81	83¼	+⅛	4.20	6.10
95⅝	89⅜	Treasury 9¾pc 1981‡‡	89⅞xd	+⅛	10.84	12.76

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 45½% (based on $1.7115 per £)

Conversion factor 0.6873 (0.6968)

CANADIANS

1976 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
13⅝	10⅞	Bk. Montreal $2	13⅝	+⅛	$1.00	—	4.2
37⅛	29⅛	Bk. Nova Scot. $2	37⅛	+⅛	$1.72	—	2.6
43½	33¼	Bell Canada 25c	43½	+⅛	$3.72	—	4.9
23⅝	12	Bow Valley‖	18⅞	+⅝	10c	—	0.3
10	780p	Brascan‖	950p	......	$$1.00	—	6.0
29⅞	19⅞	Can. Imp. Bk. $2	23⅛	......	$1.28	—	3.1
16⅛	10⅞	Can. Pacific $5	15⅞	+⅛	84½c	—	3.1
29⅝	26½	Do. 4pc Deb. £100	27¾	......	4%	—	14.4
37⅞	21¼	Gulf Oil Can.‖	23	......	$1.00	—	2.5
670p	450p	Hawker Sid. Can.‖	490p	+10	36c	—	4.2
32¼	22	Hollinger $5	31	–⅛	$1.80	—	3.3
18	12⅞	Hudson's Bay‖	14⅞xd	+⅛	60c	—	2.3
34⅞	26⅞	Hud. B. Oil G. $2½	29¼	–¼	$1.40	—	2.8
22¼	16½	Imperial Oil‖	18½	–½	26.8	—	2.4
31¼	19½	Inco	29½	......	$1.40	—	2.7
830p	660p	Int. Nat. Gas $1	830p	+30	80c	—	5.5
25½	16	Massey Ferg.‖	20½	–⅞	$1.00	—	2.8
27⅝	20¼	Pacific Pet. $1	22½	–¼	80c	—	2.0
381½p	24p	Place Gas $1	30p	......	—	—	—
29⅞	22⅝	Rio Algom	29	+⅛	$1.00	—	2.0
25⅞	20⅞	Royal Bk. Can. $2	25	+⅛	$1.28	—	2.9
28⅞	17⅞	Seagram Co. C$1	21⅞	+⅛	80c	—	2.1
17½	13⅞	Tor. Dom. Bk. $1	17½	+⅝	70c	—	2.3
11	830p	Trans. Can. Pipe 33⅞c	11	......	88c	—	0.0
790p	650p	White Pass	650p	......	φ35c	—	3.1

S.E. List Premium 45½% (based on $1.6875 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
Hentleigh 10p	45	–1	†1.92	4.7	6.6	5.8
Hutch Int. S1HK1	58½	......	—	—	—	—
Hyman (H. & J.)	9½	......	d0.16	ф	2.6	ф
I.C. Industries$	£17	......	tQ$1.40	—	4.6	—
Imp. Cont. Gas £1	295	......	7.98	2.3	4.2	15.7
Ingall Inds. 10p	18	......	g1.57	1.7	13.4	7.1
Initial Services	48	......	3.68	1.5	11.8	8.5
Inter-City 20p	6½	......	0.8	2.5	20.5	3.0
Int. Computers £1	125	–1	0.65	32.9	0.8	5.2
James (John)	27	......	2.27	1.7	13.0	6.2
James (M) 10p	25	......	2.57	1.2	15.8	7.8
Jardine M. SHK5	336	–1	Q63c	2.3	2.2	20.4
J. nlique 5p	7½	......	0.53	ф	11.8	ф
Johnson & B. 12½p	13	......	bd0.73	1.4	10.5	(8.2)
Johnson Clnrs.	28	......	†2.32	2.0	12.7	6.0
Johnson Mthy. £1	315	......	11.08	3.6	5.4	7.2
Judge Int.	14	......	†1.85	1.7	‡	—
Kalamazoo 10p	19	+½	1.57	1.4	12.8	8.7
Kelsey Inds. 12½p	46	......	2.63	3.5	9.0	4.8
Kennedy Sm. 10p	13	......	1.36	ф	16.2	ф
Kershaw (A.) 5p	525	–12	12.81	0.6	3.8	—
Kleeman	160xd	......	td4.26	6.0	4.1	6.4
Kode Int.	34	......	1.33	3.3	6.0	7.8
L.C.P. Hldgs	61½	–½	3.9	2.6	9.8	9.5
L.K. Ind'l. Invs.	21	......	2.14	1.8	15.7	5.3
L.R.C. Int. 10p	43	......	3.09	1.8	11.0	7.1
Lamson Inds.	62	......	2.5	2.4	6.2	9.5
Lantex	17	......	‡2.58	2.0	‡	—
Lead Inds. 50p	127xd	–1	†5.09	4.5	6.2	5.5
Leadenhall Stg.	55	......	t3.66	2.8	10.5	4.2
Le Bas (Ed.)	51	–1	†1.48	14.6	4.5	2.5
Lebolf Fobel 10p	35	–1	1.48	2.4	6.5	9.9
Lebus Harris	35	......	2.93	3.2	12.9	2.7
Leigh Ints. 5p	26	......	0.89	8.4	5.2	3.5
Leisure Car. 10p	80	......	4.82	1.9	9.3	8.9
Lep Group 10p	100	......	2.54	5.9	3.9	5.8
Lesney Prods. 5p	59	......	t2.34	5.5	6.1	5.8
Letraset 10p	65	–1	2.54	3.5	6.0	6.3
Liden 10p	10½	......	—	—	—	—
Light & Leis. 10p	33	–1	t2.0	3.7	9.3	7.8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

1976 High	1976 Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
86	63	Bowring (C. T.)	71	+1	t2.64	2.6	5.7	11.8
41	27½	Brentnall Bd. 10p	36	......	t1.14	2.7	4.9	14.3
156	118	Britannic 5p	126	+2	7.47	—	9.1	—
962	720	Combined Am. $1	962	......	tQ66c	—	3.9	—
158	106	Comm. Union	106	–3	6.77	—	10.1	—
144	102	Eagle Star	106	–3	g5.49	—	8.2	—
£129½	£102	Enna UK 9% Cnv.	£102xd	–2	Q9%	—	f9.0	—
184	114	Equity & Law 5p	124	......	5.44	—	6.8	—
190	140	Gen. Accident	150	–4	†7.25	—	9.7	—
225	162	Guardian Royal	166	–8	†8.27	—	7.9	—
454	264	Heath (C.E.) 20p	395	–1	t13.0	4.9	5.1	11.4
*179	130	Hogg Robinson	138	+1	t5.52	4.1	6.2	10.2
176	118	Howden (A.) 10p	134	+3	g2.71	5.8	3.1	8.9
148	96	Legal & Gen. 5p	104	–2	4.65	—	6.9	—
139	94	Les. & Gdsn. 10p	110	+8	3.69	2.5	5.2	11.8
140	90	Lon. & Man. 5p	92	......	4.64	—	7.6	—
64	52	London United 5p	56	......	3.42	1.8	9.0	9.5
226	154	Matthews Wr. 20p	188	......	†8.04	2.5	6.7	9.3
140	100	Minet Hldgs. 20p	116	+3	2.64	2.3	3.5	14.7
250	172	Pearl 5p	180	–2	†10.24	—	8.8	—
240	178	Phoenix	184	–3	†8.42	—	7.2	—
148	110	Provident "A"	110	......	6.65	—	9.3	—
148	110	Do. "B"	110	......	6.65	—	9.3	—
146	102	Prudential 5p	113	......	†5.41	—	7.5	—
130	100	Refuge 5p	110	......	6.83	—	9.6	—
352	266	Royal	274	–8	†13.39	1.6	7.7	12.2
282	205	Sedg. Forbes 10p	220	......	t8.59	1.7	6.0	16.1
113	83	Stenhouse	86	......	t3.63	2.0	6.5	12.0
470	350	Sun Alliance £1	365	–10	†16.4	—	7.1	—
98	60	Sun Life 5p	63	–1	t2.79	—	6.8	—
870	695	Taisho Mar. EDR	850	+10	Q11%	—	1.0	—
157	125	Trade Indemnity	125	–5	†6.83	—	8.6	—
£32	£20¼	Travelers $2.50	£32	+¼	Q$1.08	—	1.9	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	1976 Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25	330	–5	Q75c	ф	14.7
£14	440	Buffels R1	600	–20	Q125c	ф	13.5
198	70	Deelkraal R0.20	107	–1	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1976 High	1976 Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	32½	Tehidy Minerals 10p	42	......	h3.08	ф	4.8
145	84	Yukon Cons. C$1	143	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ф Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ∞ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- I Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Friday September 24 1976

France raises Bank Rate, tightens exchange controls

BY ROBERT MAUTHNER

PARIS, Sept. 23.

THE FRENCH monetary authorities to-day moved to reinforce the anti-inflation package adopted by the Government yesterday, raising Bank Rate from 9.5 per cent. to 10.5 per cent. and tightening foreign exchange controls.

But the package met a harsh reception from nearly all quarters, the country's two biggest Left-wing unions calling a national protest strike for October 7.

The strike call produced an immediate fall in major French share prices. The franc dropped on the Paris foreign exchange market to 4.91/92 against the dollar from 4.88 this morning.

Though conceding that the Government had been obliged to take strong anti-inflationary measures, and promising the support of its members, the Patronat (French Employers' Federation) emphasised to-day that it was essential for the country's economic recovery that the price freeze announced yesterday be short-lived.

The employers also criticised the Government for its failure to take effective steps to stimulate investment, which was the key to economic expansion and the reduction of unemployment.

The increase in Bank Rate, though it has no immediate practical consequences since banks have been authorised for the past few years to go directly to the money market to meet their requirements for liquid funds, still acts as a sure guideline for the Central Bank's interest rate policy.

It was accompanied by an increase in the rate charged for loans against collateral from 10.5 to 11 per cent. and will certainly be followed quickly by a rise in the commercial banks' base rate, charged on loans to their prime customers.

The base rate, which has stood at 9.2 per cent. since the end of July, is generally expected to rise by about half a point.

Other monetary measures in the pipe-line, apart from the 12.5 per cent. ceiling for the increase in the money supply in 1977 already announced yesterday, include a sharp rise in the compulsory reserves which banks are obliged to keep with the Bank of France on their deposits from the present very low level of 2 per cent., and the setting of new credit ceilings.

The new foreign exchange controls announced to-day are aimed specifically at reducing the harmful effects of "leads and lags" on the exchange rate.

The maximum period for forward purchases of foreign currency by importers has been reduced from three to two months, while spot purchases must now be made no more than eight days before the payment of goods by importers, instead of one month.

The time-limit for the repatriation of payments made in foreign currency to exporters remains one month, but banks are obliged to change such funds within eight days of their receipts from customers.

To limit the flight of capital from the country, which reached substantial proportions during the summer, the authorities have also lowered the ceiling for the amount of money which residents can transfer abroad for the purchase of property from Frs.300,000 (about £35,000) to Frs.150,000.

Economic commentators in general have expressed scepticism about the chances of success for the anti-inflation package.

A price freeze of only three months is considered by many to be too short to have any lasting effect and doubts have also been expressed about the purported beneficial consequences of the VAT cut scheduled for January 1, 1977.

In the past, it is stressed, only a small proportion of such cuts have been passed on to the consumer.

Perhaps the most damning comment of all has come from M. Antoine Pinay, France's economic saviour in the 1950s, who said the plan lacked imagination and that it was more fiscal than anti-inflationary.

Budget details, Page 4

Tate wins Manbré takeover fight

By Keith Lewis, City Staff

TATE & LYLE has won its two-month fight to take over sugar refiners Manbré and Garton. It now has 55 per cent. of the Manbré equity and has declared its offer unconditional.

Tate's decision, on Tuesday, to raise its bid from 170p cash per share to 200p has clearly swayed the institutions, and further heavy purchases of Manbré shares were made in the market yesterday for the third consecutive day.

A jubilant chairman of Tate and Lyle, Mr. John Lyle, said yesterday: "The conclusion of this merger will make it possible for the U.K. sugar refining industry to be planned effectively in the interests of everyone involved."

However, the Manbré Board, under the chairmanship of Mr. Frank Smith, is still not conceding total defeat. A letter is to be sent to shareholders giving advice on what action to take in the light of the latest situation.

Revised

Mr. Smith said that he would continue his struggle for satisfactory assurances regarding the company's employees.

Tate will be posting the formal document containing details of its revised offer sometime next week. This will contain financial arguments and is unlikely to give specific assurances about the workforce.

However, the two senior executives representing the sugar refining interests of both parties were understood to have met last night to discuss rationalisation.

Peter Bullen adds: A Ministry of Agriculture official commented: "The Government considers that the unification of the cane refining industry will enable it to deal more effectively with its problem of overcapacity. When the bid procedure is completed, the Ministry will be discussing with Tate and Lyle how the reorganisation could best be undertaken."

Union chiefs expressed concern for the 480 jobs at Sankey sugar works, Newton-le-Willows, Merseyside. They say that Tate and Lyle has never given assurances that jobs will be safeguarded. Workers' committees of both Manbré and Tate and Lyle will meet in Blackpool next Tuesday.

EEC 12-mile fishing zone plans unacceptable—Foreign Office

BY OUR FOREIGN STAFF

THE EEC Commission's proposals for an exclusive fishing zone of only 12 miles around Britain's coasts "fall far short of the needs of the U.K. and are totally unacceptable," the Foreign Office said last night.

The Foreign Office statement, which noted that further study would be required before Britain could give a "considered reaction", welcomed the Commission's proposal that the Community should decide on a 200-mile fisheries limit from January 1, 1977, but added: "the British Government cannot afford to see the fish round the shores of the U.K. squandered because of an unreasonable delay."

Describing the results of the Commission's thinking on the proposals as "mixed," the Foreign Office said that the "suggestions for coastal arrangements fall far short of the needs of the U.K. and are wholly unacceptable."

Guy de Jonquieres writes from Brussels: Coastal areas of Northern Britain and Ireland heavily dependent on fishing would be awarded a special preference under the new system of catch quotas proposed by the Commission.

The proposed quotas, whose size is to be determined, are among the few concessions offered to the U.K. by the Commission in a document which totally ignores Britain's repeated demands for a national fishing zone within Community waters of up to 50 miles wide.

The Commission proposes that the six-to-12-mile national coastal bands prescribed in Britain's accession treaty be maintained indefinitely unless all nine EEC Governments agree to eliminate them. However, it envisages that traditional access to coastal waters enjoyed by fishermen from other EEC countries be extended for an indefinite period.

The document has also disappointed Britain's two Commissioners, Sir Christopher Soames and Mr. George Thomson, who, with Dr. Patrick Hillery of Ireland, were the only members of the 13-man Commission to vote against the proposals.

Mr. Thomson, it is understood, at one point seriously considered resigning in protest. But he has decided against this.

The Commission injects some impetus into Britain's campaign for a rapid extension of EEC fishing limits to 200 miles by calling on member-Governments to make this move in concert on January 1, 1977, in North Atlantic waters. It does not deem any change necessary in the Baltic or the Mediterranean for the time being.

The Commission also asks the Nine to provide it speedily with a mandate to negotiate framework agreements with other countries on such questions as reciprocal fishing rights, access to possible future surpluses, conservation schemes, and the elimination of existing fishing rights where no reciprocal arrangements can be achieved.

Though the exact amounts would be subject to negotiation, quota allocation would be based on the catches made by EEC fleets in Community waters over a specified period.

The total would then be adjusted to take account of third-country catches in EEC waters, the EEC catch in third-country waters, and a special EEC "reserve."

To cope with the transition, the Commission proposes setting aside 800m. units of account (about £450m.) over five years, half of it to come from Community resources and half from national governments.

Our Foreign Staff adds: Britain's fishing industry reacted angrily to the Commission's proposals.

"We think it is deplorable," a spokesman for the British Fishing Federation said. "They (the Commission) have totally ignored the feelings of the fishing industry and underestimated the likely reaction.

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City probe

inclusion of the proposals in the next general election manifesto.

Attacks on the City have been stimulated by a series of highly critical Department of Trade inspectors' reports on a range of companies, including London and County Securities, Lonrho and, last week, Ralph Hilton Transport Services (later Roadships). In addition, earlier this week, the Stock Exchange set up a high-ranking committee to investigate much-publicised share dealings in Scottish and Universal Investments by the chairman, Sir Hugh Fraser, and other directors.

The inquiry can be seen as an implementation of part of Labour's social contract with the trade unions.

In London, the Home Office said that Mr. Merlyn Rees, the Home Secretary, was considering the extradition request, made in June, concerning Mr. Slater and four former colleagues who may face criminal charges in Singapore, following an investigation into Haw Par Brothers International. This is the Singapore-based company in which Slater Walker Securities had a large stake between 1971 and 1974. Adverse publicity in connection with it was cited when Mr. Slater resigned as chairman of SWS last October.

Ford workers open battle for more fringe benefits to-day

BY ROY ROGERS, LABOUR CORRESPONDENT

THE FIRST indication of how pay negotiations are likely to fare in the wake of the seamen's settlement should emerge from talks to-day when representatives of Ford Motor's 56,000 manual workers put their annual pay and conditions claim.

Fringe benefits are high on the Ford workers' list of demands, although this is not due to the benefits won by the seamen's brinkmanship. They were drawn up before the seamen switched their sights to fringe benefits.

The seamen's deal may, however, raise expectations among some Ford workers about additions to the £2.50 to £4 increases stipulated under the pay policy.

Ford unions traditionally lodge lengthy and detailed demands, most of which they have little or no chance of achieving in the short term. Demands to be made to-day for pay parity with Ford's European workers, improved holiday pay and a shorter working week—which would all breach the pay policy if conceded—fall into this category. They would amount to pay increases of up to 40 per cent.

But the claim also includes demands for improved pensions, sick pay, and lay-off pay arrangements—areas that could well be valid under the policy.

Mr. Moss Evans, national organiser of the Transport and General Workers' Union, who leads the Ford union negotiating team, will present the demands which will also include free protective clothing and a freeze on canteen prices.

Last night, after the claim was finalised, he made it quite clear that the intention was not to breach the social contract but to gain a "commitment to meet some of our aspirations at a future date."

Ford workers escaped the restrictions of the previous £6 pay policy because they were covered by a long term agreement which gave increases totalling £20.85 a week for the main grade of production workers dating from April, 1974.

But in addition to having to comply with the £2.50 to £4 a week limit this time, they will almost certainly have to deduct cost of living pay increases paid since the policy was introduced in August. To date, this means 2 per cent. or about £1 a week for production workers.

Increased sick pay and improved guaranteed week arrangements also figured in a social contract pay and conditions claim lodged yesterday on behalf of 44,000 rubber industry workers. Conflicting views of the seamen's settlement came yesterday from unions representing railwaymen and Merchant Navy officers.

Continued from Page 1

Defence of pound

with a much greater beneficial effect on confidence at home and abroad.

Despite growing support among some financial officials for import deposits, a number of key Ministers and their advisers, including Mr. Edmund Dell, Trade Secretary, remain utterly unconvinced and are fighting hard against them.

There are deep divisions among Ministers on what more fundamental policies to follow should the exchange rates fail to stabilise and the balance of payments improve.

One view, long held by Mr. Harold Lever, is to seek a major stabilisation loan of perhaps $7-8bn. The great majority of the Cabinet are against such a loan to finance the marginal trade deficit. On the other hand, Ministers are particularly concerned about the remaining $5bn. overhang of official sterling balances and arrangements could be sought to relieve this threat possibly through an international refinancing arrangement.

Some Ministers, notably Mr. Dell, believe that the country is still living beyond its means and that the proper course is a further reduction in public expenditure.

Another school of thought is to reduce the borrowing requirement by raising more revenue from companies, through higher corporation tax or other levies.

Still another option, which might accompany other measures, is to tighten monetary policy internally. Money supply targets are being taken more seriously by the Treasury than at any time since Mr. Jenkins' Chancellorship.

The political difficulty remains the unpredictable effects on interest rates of firm money supply objectives. There is a continuing technical argument between those who want to rely on orthodox funding operations and those who want more urgent measures to sell long-term gilt-edged on a yield basis at a price at which the market would determine.

Finally, there is the continuing push by the Left-wing of the Labour Party, led by Mr. Benn, Mr. Booth and Mr. Foot, for general import controls. The Government is ready to take action to reduce imports of particular items from areas such as Taiwan, Japan, the Iron Curtain countries and developing countries whose markets are not freely open to European exporters.

But Ministers are being strongly advised that more general action on imports from Europe and North America would lead to big and instant retaliation which would far outweigh any possible benefits.

At present, it would take a major crisis to re-open the question of import controls. Such a crisis also would re-open the whole question of public spending, the social contract and the political alignment of the country.

Bank and insurance take-over under fire

By Michael Blanden

LABOUR PARTY proposals for nationalising the big banks and insurance companies came under heavy fire yesterday from industry, the City and the Conservatives.

Sir Geoffrey Howe, the shadow chancellor, described them as "lunacy" and called on the Prime Minister to state his position on the proposals.

Mr. John Methven, director-general of the Confederation of British Industry, said the CBI totally opposed the proposals to nationalise the banks which would be bad for trade, industry and the country.

Lord Armstrong, chairman of the banks' special working party on the subject, hoped that "sanity will prevail and the document will be rejected." The big insurance companies gave a strong warning of the damage they feel would result, particularly in overseas markets.

The statements formed part of a growing campaign in the City to oppose the proposals put forward by the Labour Party's national executive committee. The campaign has reached its peak ahead of next week's Labour Party conference, where the plans to nationalise the big four banks and the top seven insurance companies could be adopted as official party policy.

Promise

Lord Armstrong promised that the fight would continue, arguing that the leaders of the Labour Party were against the proposals, as were most Labour supporters.

Mr. Methven maintained that shortage of external finance was seldom the reason for low industrial investment and expansion. "The real problem has been that industry has not been sufficiently profitable."

He supported the views shown by the banks' latest piece of evidence in their battle, a special opinion poll showing that 91 per cent. of financial directors and managers thought nationalisation of the leading clearing banks would be a bad thing for industry.

The seven insurance companies maintained that nationalisation would affect the whole insurance market and Britain's leading position in the world market, but there was no reason to suppose it would improve efficiency or service to policy holders.

Weather

U.K. TO-DAY

CLOUDY, showers, sunny intervals.

London, S.E., Cent. S., S.W., E., N.W., Cent. N., N.E. England, Channel Isles, Wales, Midlands, E. Anglia, Lakes, Isle of Man, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland

Cloudy, some rain. Wind S., S.E. light to moderate. Max. 15-16C (59-61F).

Aberdeen, Moray Firth, N.E., N.W. Scotland, Orkney, Shetland

Mainly dry, cloudy, some sun. Wind E., moderate. Max. 14-16C (57-61F).

Outlook: rain, some sun.

Lighting-up: London 19.25, Manchester 19.34, Glasgow 19.42, Belfast 19.49.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amsterdam	F	18	64	Manchstr	F	16	61
Athens	F	21	70	Melbourne	R	12	54
Auckland	C	10	50	Mexico C.	S	19	66
Barcelona	C	24	75	Milan	S	20	68
Belfast	C	13	55	Montreal	R	8	46
Belgrade	C	16	61	Moscow	F	10	50
Berlin	S	19	66	Munich	S	16	61
Birmghm	F	14	57	Newcastle	C	15	59
Bristol	F	15	59	New York	S	17	63
Brussels	S	20	68	Oslo	S	13	55
B. Aires	S	19	67	Paris	S	21	70
Cairo	S	33	91	Perth	S	24	75
Cardiff	S	14	57	Prague	F	18	64
Cologne	S	19	66	Reykjavik	F	13	55
Copenhagn	S	16	61	Rio de J'o	S	27	81
Dublin	C	14	57	Rome	F	23	73
Edinburgh	F	16	61	Singapore	S	30	86
Frankfurt	S	18	64	Stockholm	S	15	59
Geneva	S	26	79	Strasbourg	S	18	64
Glasgow	C	15	59	Sydney	C	16	61
Helsinki	S	13	55	Tehran	S	28	82
Hong Kng	R	24	75	Tel Aviv	C	27	81
Jo'burg	S	25	77	Tokyo	R	17	63
Lisbon	R	18	64	Toronto	C	10	50
London	F	16	61	Vienna	S	17	63
Luxembrg	S	18	64	Warsaw	S	17	63
Madrid	S	24	75	Zurich	S	14	57

HOLIDAY RESORTS

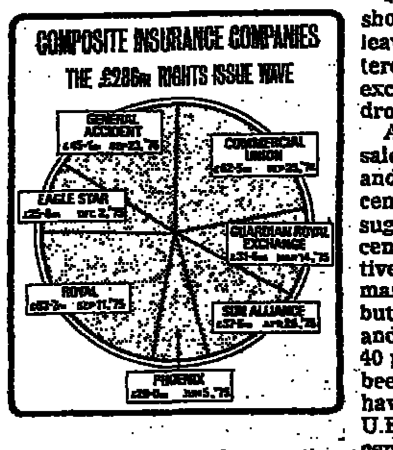
	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	23	73	Locarno	F	19	66
Algiers	F	28	82	Majorca	F	27	81
Biarritz	F	24	75	Malaga	F	22	72
Blackpool	C	16	61	Malta	C	22	72
Bordeaux	F	20	68	Nairobi	S	24	75
Boulogne	F	18	64	[illegible]	C	26	80
Casablnca	S	23	73	Naples	F	23	73
Cape Tn.	C	19	67	Nassau	C	30	87
Corfu	S	23	73	Nice	S	21	70
Dubrovnik	F	20	68	Oporto	R	17	63
Faro	F	23	73	Rhodes	S	25	77
Funchal	S	26	79	Salzburg	S	17	63
Guernsey	C	15	59	Tangier	S	23	73
Innsbruck	S	20	68	Tenerife	F	21	70
Inverness	R	13	55	Tunis	C	26	79
I. of Man	C	16	61	Valencia	F	25	77
Istanbul	R	18	64	Venice	F	20	68
Jersey	R	16	61				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

THE LEX COLUMN

General Accident makes it seven

Index fell 3.6 to 348.2



Massive applications for the new long tap have been locked up in brokers' safes overnight and, barring unexpected disasters before 10.0 this morning, the issue could well be fully subscribed.

General Accident

General Accident's 2-for-7 rights issue at 124p, raising around £45m., completes the sequence of rights issues among the seven major composite groups in the space of two years—or starts a new round, depending on whether GA's previous effort 4½ years ago is regarded as belonging to the distant past. The company has not been in any urgent need to return to the market—its solvency margin is currently around 44 per cent. against a U.K. statutory minimum which will shortly be set at 16 per cent. But this is another of those issues made just to be on the safe side. Premium income is soaring (by probably almost a third this year) and GA wants to be sure growth is not inhibited and policyholders are given much more than the minimum protection. Shareholders, however, may wonder just what protection they are going to be offered by the big composites.

Without singling out GA for specially harsh comment, it provides a good example of the erosion of shareholders' real assets. Over the four years from end-1971 (adjusted for the 1972 rights proceeds) to end-1975 book net worth, after adjustments for inflation fell a fifth. The funds now to be subscribed just about restore the shortfall. Taking market values of investments, net worth halved on the same basis. During the four years general premiums rose by £240m., while retained profits aggregated £47m.—a far cry from generating (in the absence of investment profits) the target 50 per cent.-plus solvency margin.

But the issue was reasonably well received by the market yesterday and the ex rights yield of 7.7 per cent. now puts the return up in line with the sector average.

Vickers

Although Vickers' interim statement is broadly in line with the indications given at June's annual meeting, the market in the last few days seemed to have been hoping for much more than that. At any rate, the news that profits so far are up from £12.5m. to £14.6m. pre-tax—largely thanks to the BAC associate—and that no growth is expected for the year as a whole left the shares 9p lower on the day at 148p: they were as high as 163p before the announcement.

Vickers' explanation is that profits were surprisingly strong in the second half of 1975, and that its U.K. business is still patchy—particularly in engineering where the printing press business is having a rough time and demand for heavy cranes and presses is not filling the heavy engineering facilities at Scotswood. Elsewhere the office equipment division has had to cope with lower demand for business forms and a strike in France.

But the figures have also been depressed by the shipbuilding side, and the overall trend from the companies which will be left after nationalisation continues to improve. Vickers has not shown how its finance costs are allocated: however it could make, say, £18m. from its on-going operations this year. This would leave a prospective dividend yield of 9½ per cent. well covered: the market capitalisation is £65m. Net cash flow could be anything up to about £20m. short of spending on fixed assets and working capital over the year, but this does not put any great pressure on the balance-sheet. Debt at the year end may amount to around half shareholders' funds, and of course the gearing levels will be transformed by nationalisation.

Rowntree Mackintosh

Rowntree Mackintosh's pr[...] show a 41 per cent. rise to £[...] leaving out a £1m. fall in [...]terest charges, and £0.6m. exchange gain, the growth [...] drops to 16 per cent.

At home, the decline in U[...] sales volume has been hal[...] and first-half volume is 4 [...] cent. ahead, with chocolate a[...] sugar confectionery up 9 [...] cent. and 3½ per cent. resp[...]tively. Last year's gains in U[...] market share have been he[...] but Rowntree's two rivals (M[...] and Cadbury account for arou[...] 40 per cent. of the market), ha[...] been fighting back, and margi[...] have been slipping. Overse[...] U.K. export earnings are 50 p[...] cent. ahead and the German a[...] Canadian operations are bo[...] doing well, though France [...] still, suffering from pri[...] controls.

With raw materials accou[...]ing for a quarter of total cos[...] Rowntree's profits are sensiti[...] to erratic movements in sug[...] and cocoa prices—the latter ha[...]ing doubled this year. B[...] Rowntree has been coveri[...] longer, especially in cocoa, a[...] feels fully protected on th[...] score.

Higher commodity costs w[...] not begin to really bite in[...] profits until next year, wh[...] higher retail prices could era[...] this year's volume gains. Ho[...]ever, profits of £29m.-£30m. th[...] year will be comfortably ahe[...] of last year's £21.7m. Th[...] £12.4m. rights issue procee[...] will help in the current half, b[...] with capital spending running [...] £15.6m. and a substantial rise [...] working capital the compan[...] borrowings are unlikely to [...] lower at the year end.

Town and City

Town and City's debt [...] last March showed very litt[...] change on a year earlier, havi[...] risen about £5m. to £336.5[...] Funnily enough the old borro[...]ing limit works out at £337.5[...] and only the deduction [...] £27.5m. of debt from prospecti[...] sale proceeds of £39m. recei[...]able after the year-end (a[...] counted among the debtors) p[...]vented a higher figure fro[...] being shown. But in any case [...] £400m. limit is now operati[...] T and C's problem now is n[...] debt levels as such but hi[...] interest rates, and residual cu[...]rency exposure which has l[...] to further exchange losses [...] £2m. since March.

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